

## Welsh miners spearhead a nationwide strike

South Wales miners go on strike today, aiming to spread the dispute to the rest of their industry and beyond and presenting the Government with its most serious challenge from the unions. Pitmen in Scotland and Kent said they would strike on Monday in protest against the coal board's plan to close Welsh collieries in several areas.

## Government faces its toughest challenge

Paul Routledge

The Government today faces its most critical challenge from a trade union since taking office when the South Wales miners go on strike and seek to read disruption to the rest of a coalmining industry and beyond. Mr Emlyn Williams, president of the National Union of Mineworkers (NUM), said yesterday: "I hope that every other industry will join us in a strike."

Pickets from the strikebound Welsh pits are expected to travel to other militant collieries in an effort to intensify a revolt against National Coal Board plans to close collieries and make miners redundant. Miners in Scotland and Kent yesterday signalled their intention to strike from next Monday, the day that Mr David Howell, Secretary of State for Energy, and other ministers and leaders of the mining industry and the coal board for its on the future of the coal industry.

The Government is putting together an emergency package of social measures designed to ease the board's closure programme through improved redundancy pay and early retirement schemes. But Mr Gormley, moderate leader of the NUM, insisted last night that such a solution to the crisis was "not on".

He said: "If they think they can buy off, they have got it wrong. They are not on. It is a long-term struggle to change the future of the industry, not just something to get rid of men." The coal board yesterday turned its local meetings to a local NUM officials and announced the impending closure of two more collieries. It are the 83-year-old Newtontown colliery at Bedworth, Warwickshire, which is to be closed by the end of June with loss of 750 jobs; and 200 Colliery in Burnley, Lancashire, employing 490 men, which is to be closed by the end of the year and they would be expected to increase production by 100,000 tonnes a year to 3,300,000 tonnes. Area NUM delegates met today in Chesterfield to decide what support they should give to striking miners in other fields.

Pitmen in the productive and profitable south Nottinghamshire area are to begin their future today, and apart from the accepted closure of Newtontown colliery, no further action is expected. But when the Scottish miners meet coal board management in Edinburgh tomorrow, the closure of two or three pits will be announced. Pithead meetings in Scotland are to begin on Friday, the day after the NUM national executive meets to hear the opinions of regional talks with the coal board and decide whether to recommend a national strike in a secret ballot of the men.

Mr Michael McGahey, Scottish miners' president, said yesterday that if there was a strike by miners with steel and rail workers and other trade unionists in support "it would be a battle in which the dimensions of the strikes of 1972 and 1974 would fade into insignificance".

Scottish miners would support every move threatened with closure because there was only one coalfield, the British coalfield. An attack on Durham miners was an attack on Scottish miners. The pattern of closures emerging so far shows a concentration in the militant coalfields that might be expected to go on unofficial strike ahead of any decision by the national executive.

But the moderate areas, including some heavy loss-makers, have emerged relatively unscathed, and left-wing strategists believe that "a carefully calculated" move by the part of the board to disarm the moderates so that a pithead ballot would reject official strike action.

Mr Gormley last night appealed in vain to the Welsh miners to hold their fire for the sake of unity in the NUM. Pointing out that a 55 per cent majority was required under union rules to call an all-out stoppage, he said: "There are many people in the country today, even members of the union, who have the ability to go to law to make sure the union does not take action if it is against the rules".

He argued that to prevent a national strike, the Government would have to accept that coal imports had to stop and that British coal should be subsidised. Moderates angered and fight for survival, page 2

South Wales is traditionally a militant area, and union officials were urging calm last night to prevent workers there following the example of their colleagues. But the employers and the Government were concerned at the vote by delegates representing the moderate 2,500 workers in the northern region, including Durham and Northumberland, which was unanimous in rejecting the offer and calling for a national strike.

Officials of the General and Municipal Workers' Union (GMWU) which is dominant in the industry, were forecasting last night that the votes at other delegate conferences later this week would be influenced by the north-east action. The militant London region meets today. It is also expected to call for strike action.

The other main union in the industry, the National Union of Public Employees, is also consulting its water industry members. A vote of no confidence in union negotiators has not calling a national strike after rejecting the offer, has been tabled for Friday's meeting of the union's water committee in Wales.

Mr Rodney Bickerstaffe, NUPE national officer, said last night that there was a great feeling of frustration among the members.

## Budget refund from European Community lifts balance of payments current account excess to its highest level Slump in imports brings record UK trade surplus of £757m last month

By Frances Williams

Britain had a record trade surplus of £757m in January, as the economic recession brought a slump in imports. The surplus on the balance of payments current account, including invisibles, also soared to the highest level of £957m, boosted by budget refunds from the European Community.

The huge trade surplus, which is double that in December and nearly £300m greater than the previous highest in October last year, is almost entirely the result of a slump of 11 per cent in the volume of imports, notably of basic materials for industry. Export volumes also fell by nearly 3

per cent, but in value terms remained steady over the month.

Last November, the Treasury was predicting a surplus on the balance of payments current account of £2,000m in 1981, the same as in 1980.

The relative strength of exports in recent months has confounded predictions that worsening competitiveness, caused by higher domestic costs and the higher sterling exchange rate, would price exports out of foreign markets. Despite an 11 per cent rise in relative export prices over the last year, the volume of United Kingdom exports has been broadly steady over the last six months or so after falling in the first half of 1980.

This level of exports, though continuing longer than most economists predicted, is unlikely to be maintained. World markets for British goods are growing more slowly than last year, and competitiveness is continuing to deteriorate.

Most forecasters are expecting exports to decline by between 2 per cent and 6 per cent in 1981, with the Treasury putting the figure at 3 per cent, taking into account rising exports of oil in the coming year.

The surplus on oil trading in January was another record at £210m. Exports were up by 17 per cent on the month, and imports were down by about the same amount. Though the imports figure is abnormally

low the increased exports mark a continuing upward trend, and the trading surplus is expected to go on rising throughout the year.

The depressed state of British industry, which is now producing no more than it was in 1980, is the main cause of the remarkable plunge in import volumes. Last month imports began to fall away sharply in the first half of last year and the trend has been steadily downwards, though erratic from month to month.

But the size of last month's fall, with no special factors to explain it, must be considered freakish.

Though the volume of imports in January fell across the board (with the notable

exception of cars), the most severe falls were in basic materials (by 26 per cent), fuels, food, drink and tobacco, and chemicals.

Over the past three months to January, however, imports of food, drink and tobacco were steady and chemicals were up on the previous three months, while imports of cars fell 17 per cent.

Capital and intermediate goods have suffered greater falls than consumer goods over the past few months.

The pattern of imports thus almost exactly mirrors the pattern of the present recession. Consumer spending has remained fairly steady in spite of rising unemployment as pay rises last year outstripped inflation. But heavy destock-

ing by retailers and manufacturers, hit by high interest rates which make stocks expensive to finance, has led to rapidly falling production by domestic industry. The slump in manufacturing output last year was one of the steepest this century.

The surplus on invisibles trade, such as financial services and tourism, is projected at £200m a month in the current quarter, £100m higher than in the previous quarter. This reflects the fact that a budget refund of about £600m is due to be repaid to the United Kingdom by the European Community in the bulk of it before the end of the financial year.

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## Explosion at stadium before visit by Pope

Karachi, Feb 16—A man carrying explosives into a stadium where the Pope was to celebrate Mass was killed today when the device went off, senior Pakistani police officials said.

The explosion occurred about 20 minutes before the Pope, starting his first visit to Asia, was due to arrive at the stadium from Karachi airport.

A government statement later said three "suspicious characters" had tried to enter the stadium and were checked by security staff. "In the scuffle that followed a crude homemade device carried by one of the persons went off wounding three people, including a police officer on duty." The man carrying the device died instantly.

Mr Paul Rappaport, public affairs officer of the United States Consulate in Karachi, said the explosion caused some panic among the crowd of 70,000. "Officials tried to calm the crowd by saying it was a transformer or a piece of television equipment that had caused the explosion, but it was not," he said.

Later it learnt that if the programme of the religious ceremony had not been put back 15 minutes due to a delay in the arrival of the Pope's aircraft, the explosion could have caused many more injuries in the seats reserved for diplomats where the bomb had been placed. It took place about 40 minutes after the Pope's arrival, thought unlikely that the Pope would have been injured if he had been in the stadium.

The Pope, who urged greater dialogue between Muslims and Christians, celebrated Mass at the stadium and later left for the Philippines without being held of the incident. The Pope's tour of the Far East is the most ambitious journey he has so far undertaken (Peter Nichols writes from Rome). He will cover about 20,500 miles with principal stops in the Philippines and Japan. The journey will last 12 days.

He will also stop briefly in Guam and Anchorage. He will stay five days in the Philippines and three and a half in Japan where he will visit both Nagasaki and Hiroshima.

Manila prepares, page 6  
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Photograph by Brian Harris

Ministerial embrace: Lord Soames, the Governor who handed over Zimbabwe to independence, greets Mr Enos Nkala, the Minister of Finance, at the opening of his country's new High Commission at Zimbabwe House in the Strand yesterday. Dr Witness Mangwende, the Foreign Minister, opened the building that had stood empty as Rhodesia House during the 15 years of the colony's rebellion. Mr Eddison Zvobgo, the Patriotic Front spokesman at the

Lancaster House conference and now Minister of Local Government and Housing, used the occasion to play down reports of fighting among former guerrilla forces that has left perhaps 250 dead in the past week. Dr Mangwende said the British press gave a distorted picture of life in Zimbabwe. "The situation is not as bad as it is painted," he said. "We have achieved what many Governments have failed to achieve in 20 years—peace." (Report, page 6.)

## Zimbabwe guerrillas finally lay down arms after Nkomo plea

From Nicholas Ashford Salisbury, Feb 16

The tension in Bulawayo was defused by Mr Joshua Nkomo today. He persuaded the Zipra men, who form the guerrilla wing of his Patriotic Front Party, to lay down their arms in Bulawayo township.

Until this morning, the Zipra guerrillas had refused to move from their camp even though the rival Zanku forces had pulled out yesterday.

At about the same time that Mr Nkomo was ending the flare-up of tribal violence, the Zimbabwean joint high command which represents the former Zipra and Zanku armies as well as the former Rhodesian security forces, met in Salisbury to consider the future of the new national army.

The commanders and ultimately the government have to decide whether to continue with the present savage-machine approach devised by the British military mission for fusing former Zanku and Zipra guerrillas into the new army.

At present equal numbers of Zanku and Zipra are being brought together to form integrated battalions. So far 12,000 men have been formed into 12 battalions. It is planned to establish three new battalions each month between now and August so that by the time the process is complete the new army will contain about 33,000 former guerrillas.

During last week's fighting the insurrection spread to three of these new battalions: Number 1/3 Battalion based at Glenview, to the west of Bulawayo, number 1/2 Battalion at Ntabazindima to the east of Bulawayo, and the 4/1 Battalion at Comemara near the Midlands town of Que Que.

The battalion at Ntabazindima was considered a showpiece of the new army. Critics of the present integration process argue that it has been too rushed and that political passions should be allowed to cool down before attempting to fuse the guerrillas into the two rival groups. It is also

argued that all the guerrillas should be disbanded before they join integrated units.

Against this is the view that the integration process survived last week's unrest remarkably well. Only three of the twelve new battalions were affected by the unrest, and three further battalions in the process of being formed—two of them within the vicinity of Bulawayo—were unaffected.

The final decision on the army's future will be taken by Mr Robert Mugabe, the Prime Minister who is also Minister of Defence, and Mr Emmerson Mnangagwa, his recently promoted security chief.

Mr Nkomo, who retained a defence advisory role after last month's Cabinet reshuffle, is also likely to be included in the negotiations, particularly after the crucial role he played today in the embattled Bulawayo township, where, after speaking to Zipra leaders, he appealed to the guerrillas to lay down arms in order to avoid endangering civilian life.

## Rejection of 10% offer by water workers precast as unofficial action begins

David Felton

hour Reporter

Fears that unions in the water and sewerage industry would not be able to restrain members from taking unofficial action proved correct today when about two hundred workers in the North started a work-to-rule in defiance of advice from their union leaders.

The employers were prepared to meet unofficial action to the rejection earlier this year by union negotiators of a "final" 10 per cent pay offer. There were strong indications last night that the offer would be heavily defeated by the 600 workers in England and Wales.

As the action spread throughout Durham and Northumberland, with the prospect

of more workers in the areas joining in this morning, delegates representing 2,000 workers in South Wales yesterday voted unanimously to reject the offer and called for a national strike.

South Wales is traditionally a militant area, and union officials were urging calm last night to prevent workers there following the example of their colleagues. But the employers and the Government were concerned at the vote by delegates representing the moderate 2,500 workers in the northern region, including Durham and Northumberland, which was unanimous in rejecting the offer and calling for a national strike.

Officials of the General and Municipal Workers' Union (GMWU) which is dominant in the industry, were forecasting last night that the votes at other delegate conferences later this week would be influenced by the north-east action. The militant London region meets today. It is also expected to call for strike action.

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Mr Rodney Bickerstaffe, NUPE national officer, said last night that there was a great feeling of frustration among the members.

### Rush for shares

The Government's flotation of 100 million shares in British Aerospace was three-and-a-half times oversubscribed. The shares, on offer at 150p each, represent a 50 per cent stake in the group. More than 155,000 separate applications were received, a high proportion from small investors. Page 17

### Niedermayer jail term

A man was jailed at Belfast Crown Court for 20 years for the manslaughter in 1973 of Mr Thomas Niedermayer, the West German consul in Northern Ireland. Mr Niedermayer was kidnapped by the IRA, was to have been offered in exchange for the London car bombers, the Price sisters. Page 3

### Reflation call by Tory

Reflation in certain sections of industry was urged by Mr Norman St John-Stevens. Pressing for action by the Prime Minister, he said he feared unemployment would get out of control and that it would be too late next year for reflation. Page 2

### More Labour peers

Mrs Margaret Thatcher is expected to announce the creation of a handful of Labour peers after a request from Mr Michael Foot, Leader of the Opposition. The request was made after pressure from senior Labour peers who felt there was a serious shortage of "working" Labour members on the front bench. Page 2

### Defence economies

Withdrawal of a divisional headquarters from West Germany is among possible economies being considered by the Army. Others include lower bands, merging some small specialist corps, and rationalization of infantry administrative posts. Over-spending could mean a cut of about £100m for each Service. Page 4

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Stock Markets: The prospect of a national miners strike and further gloomy news on the economy saw heavy selling of equities. But splits recovered after the trade figures. The FT index closed down 57 at 484.5.  
Business features: Patricia Tisdall reports on the business community's opposition to the local authority rate rise; Kate Finch on the Chloride Group's difficulties in Egypt; Hugh Stephenson on a waking nightmare for the Chancellor.

### Strike by Basques

Basque region of Spain was hit by a general strike at the death of suspected ETA terrorist under interrogation in Madrid. An investigating magistrate is beginning hearings on the case involving five police officers in Madrid arrested after an autopsy on the man. Page 5

## Garrard, exclusively...

Castle Vanadanite  
by William Tolliday

The enchanting golden sculptures of William Tolliday are exclusive to Garrard. In this example, a tortuous golden path leads upwards from a sea of translucent agate, amidst crystallised rocks of vanadinite and malachite, to the drawbridge. The castle of coloured golds, red, yellow and black, crowns the composition, its towers, turrets and castellated bastions gleaming with diamond embrasures. The sculpture measures eight inches in height.

William Tolliday creates only a very limited number of distinctive pieces each year; each is unique, fashioned with rare and imaginative artistry. Examples of his sculptures and jewelled collages can be seen in the showrooms. An illustrated brochure of the artist and his work will be sent on request.

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## HOME NEWS

### 20 years' jail for killer of German diplomat

Mr Thomas Niedermayer, the kidnapped German diplomat, died after he tried to escape during a bungled IRA attempt to free the London car bombers, Dolores and Marian Price, the prosecution said at Belfast Crown Court yesterday.

Lord Justice Jones was told that the Provisional Irish Republican Army (PIRA) had sworn Mr Niedermayer, aged 45, the West German consul in Northern Ireland, for the kidnapping of his wife, Mrs. Christopher Bradley, aged 42, of Nelson Crescent, Belfast, one of the captors, was jailed for 20 years for the manslaughter of Mr Niedermayer.

Eugene Anthony McManus, aged 51, of Rockville Street, Belfast, was jailed for five years. He admitted membership of the IRA and assisting those involved in the kidnapping and death of Mr Niedermayer.

Mr Niedermayer, who disappeared in December, 1973, died while being held captive after attempting to make a dash for freedom from the house in Belfast where he was held, it was stated.

His body, bound hand and foot, was found nearly seven years later in a shallow grave about a mile from his home.

John Cronin, QC, for the Crown, said Mr Bradley, who admitted manslaughter, but pleaded not guilty to a charge of murder, which the judge accepted, told the police in a statement that members of the IRA were in the house when Mr Niedermayer was killed.

Mr Bradley had allegedly told the police that after Mr Niedermayer tried to escape he started to scream and was held down. He was hit on the head with a pistol.

"We held him for I do not know how long," Mr Bradley had said. "He was still struggling but then went limp. Someone said, 'The man is dead.'"

As well as being jailed for 20 years for manslaughter, Mr Bradley, married with four children, was given concurrent sentences ranging from five to 15 years on six further charges relating to assaulting and imprisoning Mr Niedermayer, having guns and nail bombs, and belonging to the IRA.

The judge told Mr Bradley, a former member of the R.A.F., "You have recognized the court, but you should not get a gold medal for that. This was a disgraceful act. You are nothing but a common criminal, and will be dealt with as such."

Turning to Mr McManus, Lord Justice Jones said: "You have pleaded guilty to membership of the IRA, which is at the root of many of the troubles in this province."

Earlier Mr Richard Ferguson, QC, for the defence of Mr Bradley, said: "He was not part of the original kidnapping."

"He never intended to kill or cause any harm to Mr Niedermayer. His role was to guard him."

Mr Tom Cahill, QC, for the defence of Mr McManus, said his client had not known about the kidnapping or how Mr Niedermayer met his death.

### Staff unions' overtime ban at BL gets poor backing

From Clifford Webb Birmingham

The start of a campaign to ban and impose work sanctions, called by BL staff unions opposing compulsory redundancies, got a poor response yesterday from the group's 22,000 white-collar workers.

Most of the 34 car plants reported no action of any kind. At those plants where the men voted in support of the campaign, they did not seem to have their hearts in the dispute and were merely going through the motions.

The first 200 notices of compulsory redundancy went out yesterday. Although the management had said it would bring forward all the 900 compulsory redundancies being sought if the unions went ahead with their campaign, it appears that the lack of militancy has led to a change of heart.

Volunteers are still coming forward and it seems likely that fewer compulsory cuts will have to be made before the March 31 deadline set by BL to achieve 4,250 staff redundancies. More than 3,400 have volunteered to leave.

The danger is that a confrontation with an individual employee could bring about a withdrawal of labour in key plants such as Longbridge, where the Metro is produced.

### Lords ruling deferred in tax amnesty case

The House of Lords reserved judgment yesterday on the question whether small businesses, angered by a tax amnesty granted to Fleet Street's 6,000 casual print workers, can sue the Inland Revenue.

A year ago the Court of Appeal ruled that the 50,000-strong National Federation of Self Employed and Small Businesses was entitled to sue the revenue in the present appeal, in what has become known as the "Micky Mouse" tax case, the revenue seeks to reverse that ruling.

The federation has sought a declaration that the revenue acted unlawfully in declaring an amnesty up to April, 1977.

Some printing workers were said to have been defrauding the taxman by signing for pay packets with fictitious names such as "Mr M. Mouse".

The new company has taken

### Whitehall brief: University 'think tank' specializes in policy analysis

### Getting to grips with a chewed-up economy

By Peter Hennessy

One of the most unfortunate realities in British society is the divide that yawns between the universities and the Whitehall branches of the thinking classes. By comparison, Washington variably buries with policy institutes that provide men of ideas for new administrations.

Professor Richard Rose, of Strathclyde University, is an American who has spent the bulk of his working life in Britain producing a prodigious output of scholarship on our politics and is well placed to ponder the relationship between Whitehall and universities.

In an article in the International Social Science Journal, Professor Rose has captured the institutional and career pressures that keep the two professions apart: "Power and influence, rather than knowledge and ideas, are the tokens of success at the highest levels of government. A public official views knowledge or information as a means to an end, whereas a social scientist views it as an end in itself."

Strathclyde, like Nuffield College, Oxford, is among those



Professor Rose: "Wrong to blame individuals."

bodies that have striven energetically to trigger intellectual exchanges between scholars and bureaucrats. Crucial to its efforts since 1976 has been its Clydeside "think tank," the Centre for the Study of Public Policy, funded by grants received from government sources and foundations in six nations. The centre's raison d'être is

the practice of policy analysis, pinning down the factors that cause the efforts of government to fall apart. Professor Rose cites the example of the economy, the area of the country's most persistent policy failure since 1945.

"It is dead wrong to blame individuals, either ministers or civil servants. It is not the quality of the people. It cannot be. Look at the Treasury, the best and the brightest. Look at the economy. It is something in between, chewing it up."

Strathclyde has tried to focus on "something" in between with a flood of studies in social policy on subjects ranging from Northern Ireland and the implementation of language policy in Welsh schools to regional and industrial economic policy and the general theme of overload in government. They appear at the rate of 24 a year.

As an American, he is cautious about Washington. Whitehall analogies, the kind of thinking that suggests that only London had a Brookings Institution, a thousand policy flowers would bloom. British soil, he insists, is different. The country is the victim or

past success when nobody in politically or bureaucratically powerful circles felt the need of assistance from thinkers outside Whitehall because things were going very nicely. The setbacks of the 1970s have changed all that and even the Official Secrets Act, Professor Rose says, cannot disguise "the condition of England". A policy analyst can also do a lot with the data that government publishes every year, he adds.

Mr Kevin Allen, codirector of the Strathclyde centre, an economist specialising in regional policy, is convinced that universities are perfectly placed to carry out research for government, as he and his team are doing for the Department of Industry and its German, French and Italian equivalents. They have the people, the libraries and the contacts.

Professor Rose adds two warnings. First, people in universities are not elected to govern the country; taking decisions is the responsibility of those who are. Second, "policy analysis is about diagnosing problems and identifying options. I am in the understanding business, not the solutions business."

### Labour holds back paper on rights of homosexuals

By Lucy Hodges

A policy document on the rights of homosexuals which was approved by the national executive committee of the Labour Party has been put aside, allegedly for financial reasons.

However, there are worries that the document is being suppressed because the Labour Party bureaucracy in Whitehall Road, south London, does not like its tenor.

The confidential document, entitled *The Rights of Gay Men and Women*, says that homosexuals face discrimination in virtually every aspect of their lives, particularly employment. Legislation to protect them is long overdue, it says.

The paper, which calls on the Labour movement to speak out on the issue, originated with the party's home policy committee, of which Mr Wedgwood Benn, MP for Bristol, South-east, is chairman.

Mr Benn wrote the foreword to a pamphlet published by the National Council for Civil Liberties last month called *Gay Workers: Trade Unions and the Law*. He said on its publication that the NEC policy document would be put into practice when the party was next in office.

Victims of attacks: About forty homosexuals were killed or disabled in attacks during the past three years, a report by the Campaign for Homosexual Equality said yesterday (the Press Association reports).

It said there were more than 260 incidents.

### Does Your English Let You Down?

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### Singer must pay £10,000 for slandering publisher

Miss Dorothy Squires, the singer, must pay £10,000 damages for slandering Mr Robin McGibbon, the book publisher, a High Court judge decided yesterday.

Mr McGibbon had complained that on four occasions Miss Squires told business associates

that he had spent two years in jail.

The jury took 45 minutes to find against Miss Squires, aged 57, and award the damages. Mr Justice Caulfield ordered her to pay the costs of the case.

Last month she lost a libel action against Mr McGibbon, founder of Everest Books.

Both actions arose from a dispute over the proposed publication of Miss Squires' autobiography, *Rain, Rain Go Away*, which was written in 1975 but has not been published because of a clash over the contract.

That dispute is also due to be heard in the High Court. It is estimated that Miss

Squires, the former wife of Mr Roger Moore, the actor, will face a bill of £12,000 for costs in the two actions.

Mr Justice Caulfield yesterday granted Mr McGibbon an injunction to prevent Miss Squires repeating her allegations against him.

### Putting the Welsh into 'order'

From a Correspondent Caernarfon

Parliamentary history was made yesterday in the Welsh-speaking heartland when for the first time evidence was given to a select committee in Welsh.

The Commons Select Committee on Welsh Affairs met at the headquarters of Gwynedd County Council at Caernarfon, whose simultaneous translation system was used.

Mr Leo Abse, Labour MP for Pontypool, the chairman, opened the proceedings with the word "Tawelwch" (Order).

He said it was the first time in history that an adjunct to Parliament was open to anyone who wished to speak in Welsh. "You will have to forgive us that, alas, many of us do not know the language," he added.

"I hope the day will come when it will be spoken not by the minority but by the majority of the people in Wales."

The committee, which will continue to hear evidence today, is discussing broadcasting in Welsh. Representatives of Dwyfor district council, which covers the Lleyn Peninsula, where 78 per cent of the population is Welsh-speaking, gave evidence first and welcomed the allocation of a Welsh language television channel.

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## HOME NEWS

# Withdrawal of divisional HQ from West Germany is among economies considered by the Army

By Henry Stanhope

Defence Correspondent

The withdrawal of a divisional headquarters from West Germany is among the options being considered by the Army as part of a package of defence economies that might have to be implemented this year.

Others include a reduction in the number of bands, mergers among some of the small, specialist corps and a rationalisation of administrative posts in the infantry organization in Britain.

The General Staff has ordered a review of all possible savings in the Treasury insists that overspending by the Ministry of Defence during 1980-81 should be paid for out of the 1981-82 budget.

The amount of the overspending will not be known for several months, but is likely to be between £400m and £600m, which would mean in effect a cut of about £100m for each of the three main Services.

The Army, which refuses to accept that it escaped more lightly than the Royal Navy and the RAF in the recent £200m defence cuts, believes that some economies will be necessary anyway because of rising pressures on money and manpower.

These economies are being accelerated, partly by the complexity of new equipment which imposes a need for more main-

tenance and support and partly by the fact that the £200m cut has lowered the baseline for future budgetary calculations.

The Army, which is now 3,000 men short, has had to cut back on recruiting because of inadequate funds. A target of 14,500 adult males for 1980-81 was raised to 15,000 because of the numbers coming forward as a result of the recession.

That was pruned to 13,000 when it was found that the Ministry could not afford to fund the extra training costs and salaries. Recruiting targets for junior soldiers have had to be reduced from 11,000 to 10,000 and for women from 1,200 to 1,100.

The retention rate for the second half of 1980 was 11 per cent higher than for the preceding six months. But the General Staff had hoped to gather as many as possible now as an insurance against lean recruiting years in the mid-1980s.

The need for manpower economies is felt most acutely in the British Army of the Rhine (BAOR) where most new equipment like helicopters, missiles and armoured vehicles is stationed. Manpower in BAOR is slightly above the establishment figure of 55,000 and is in danger of rising much higher unless the Army starts to make savings.

The Army is reluctant to

economize on front-line regiments—or on the logistic units. So most of the options being looked at involve reducing the number of administrative jobs.

The withdrawal of one of the four 900-strong divisional headquarters from BAOR would mean parcelling out its peace-time duties among the remaining three divisions. Meanwhile the headquarters staff might be given additional jobs in Britain, but they could return to BAOR for exercises or for an emergency.

The Army is reluctant to make a substantial reduction in the number of bands. But it is felt by some officers that the need for every infantry regiment to retain a band is now outdated.

There is also likely to be a renewed effort to merge some army services, like the medical branch, with the Royal Navy and the RAF on a triservice basis.

Those are all relatively minor adjustments which could have a big effect on morale, so the Army is wary of moving too quickly.

Officers insist, however, that there is no intention to reduce the size of BAOR below its 55,000 establishment figure. They want only to prevent it from rising far above that total.

We have the Rolls-Royce ready and are waiting for the driver

## Civil servants complete guerrilla pay campaign

By David Felton

Labour Reporter

Union leaders representing 530,000 white-collar civil servants are in the final planning stages of a campaign of industrial action which they intend to launch early next month unless the Government improves its 6 per cent pay offer.

A communications centre in Westminster will be linked with 40 regional action committees around the country to coordinate the guerrilla campaign and yesterday the union officials who will man the centre were given a final briefing by the senior London-based officials who will be meeting in almost continuous session to sanction requests from union members in specific areas.

Mr Peter Jones, secretary of the Council of Civil Service Unions, the umbrella body for the nine unions, said after the briefing: "We have the Rolls-Royce ready now and are just waiting for the driver to arrive."

The campaign, which is expected to cost at least £200,000 a week in strike pay to members taking action, is expected to last for several weeks if ministers decide to make no improvement on the offer before a meeting of the unions on Thursday next week, when the action will be sanctioned.

There has been speculation that ministers are prepared to relax the 6 per cent limit



Helpers in the campaign centre. Requests will be logged in quadruplicate.

slightly in order to avoid such an unprecedented campaign of action, and it was being suggested in Whitehall last night that the unions may be called to a meeting with Lord Soames, Lord President of the Council and minister responsible for the Civil Service, at the end of this week.

The campaign would be aimed at key government computer centres such as the Paye Income tax computers at Shipley, near Bradford, and Cumbernauld,

near Glasgow, and the equipment at Southend which handles VAT collections.

Union leaders are hoping for a big turnout for a national one-day strike, which will probably be held on March 5, to launch the campaign. In addition to the selective strikes at computer centres, civil servants will be asked to work to rule, to hold meetings during work hours and to withdraw co-operation and good will.

The communications centre

will be manned by 18 people during the day in two shifts, who will, in true Civil Service style, be required to log requests for assistance, finance or permission to take action, in quadruplicate for distribution to various parts of the strike organization.

Union leaders will take a policy decision next week on whether to sanction action in the sensitive departments of health and social security and employment.

## Fishermen step up Scots coast blockade

From Ronald Faux

Aberdeen

The fishermen's strike spread along the entire east coast of Scotland yesterday as skippers blockaded fishing ports in protest at the lack of official action to control cheap imports of fish.

The fleet from Arbroath put to sea but was recalled and boats from Fife that had intended to sail at midnight on Sunday decided to stay in port after strike organizers in Peterhead had appealed for their support.

Groups of fishermen from the north-east intercepted freezer lorries loaded with imported fish and tried, with little success, to prevent them from delivering to factories in Aberdeen. One strike official estimated that 2,500 boxes of fish had been brought in to Aberdeen by road.

The fishing vessels lay moored closely together in Aberdeen harbour; a line of boats was strung out across the entrance to the fishing port. Fishermen argued angrily with fish buyers who arrived at the quay to try to persuade them to lift the blockade.

Committees representing ports in north-east Scotland were considering whether to step up their action and prevent ships from operating on oil-related business from Aberdeen, Peterhead, Montrose and Dundee. A blockade of the oil terminal at Sullom Voe, Shetland, the largest oil port in Europe, is also being considered.

Appeal to ministers: The British Fishing Federation, representing vessel owners at seven main ports, will be at the Ministry of Agriculture, Fisheries and Food in London today pleading their case for early grant aid if bankruptcies are to be avoided (Our Hull Correspondent writes).

Mr Peter Walker, the minister, has said there is a case for an early review of the Government's financial aid programme.

The federation disclosed yesterday that an independent cost analysis showed that the trawler fleet lost £4.5m in the six months to December. In the same period the trawlermen were getting 10.8p at the quay-side for fish that cost them 14.7p to catch.

**Six months' jail for supporter**

John Kenneth Hickford, aged 21, a Middlesbrough supporter, who ran on to the pitch during a Leeds United and Middlesbrough match, was jailed at Leeds Magistrates' Court yesterday for six months.

Mr David Lloyd, the magistrate, told Mr Hickford, of Hartburn, Stockton-on-Tees: "Your conduct may well have caused a riot, or near-riot." Mr Hickford admitted using threatening, abusive and insulting words or behaviour likely to cause a breach of the peace.

**Yachtswoman and friend on poisoning charge**

Rosie Swale, the round-the-world yachtswoman, and her friend, Tracey Stamp, who had a sex-change operation 10 years ago, poisoned Miss Stamp's friend, Keith Vincent, a jury was told at Winchester Crown Court yesterday.

Mr Roger Titheridge, QC, for the prosecution, said that Miss Swale, aged 31, and Miss Stamp, aged 45, formerly Bernard Stamp, used a poison called Cyrisine from the seeds of the laburnum tree.

They gave it to Mr Vincent not to cause him serious injury but to keep him out of the way, counsel added.

The accused couple also hatched a plot to have Mr Vincent jailed for breaking an undertaking not to enter them, he added. They arranged for a writ to be sent to Miss Stamp, making out it had come from Mr Vincent, with the

## Fire disaster on Dublin scale 'could happen in Britain'

By John Withrow

Defence Correspondent

The fire that killed 44 people and injured more than 100 at a Dublin discotheque early on Saturday could happen in Britain, fire chiefs and the British Safety Council said yesterday.

"It is only by chance that the fire in Dublin happened there and not in the United Kingdom," Mr James Tye, director-general of the British Safety Council said in a statement.

He pointed out that he had given warnings for the past 10 years that disco, jazz clubs and other places of entertainment, particularly those for young people, were dangerous.

"They are not designed for safety, they contain highly flammable materials, they are inspected infrequently, if at all, and so-called fire precautions are not monitored."

Mr Tye said the council had predicted a fire on the Dublin scale for a long time. He is calling for tighter regulations, including the compulsory installation of fire sprinklers, the banning of foam furniture and padding and frequent inspection by fire prevention inspectors.

Mr Reginald Doyle, chief fire officer for Kent, said it would be impracticable to ban seating filled with polystyrene foam, which when ignited gives off

dense smoke, fierce flames and toxic fumes. But he added that more research should be undertaken into the possibility of using less dangerous foam.

Mr Doyle said there was a number of night clubs in Britain that operated illegally and had not been inspected by fire safety officers. Others might have modified decorations without fire service approval.

That could include putting up flammable curtains and false ceilings.

Mr Doyle felt that British regulations were adequate to combat most dangers from fire, but because of financial

cuts officers were unable to inspect premises as often as they would like. "Public in a fire, however, can always cause the best laid plans to go wrong," he said.

Arson investigation: There is still no hard evidence that arsonists caused the Stardust Club fire, Chief Supt. John O'Driscoll, in charge of investigations, said in Dublin yesterday (The Press Association reports).

"Rumours are floating around and a number of allegations have been made in different places," he said.

"But our minds are completely open."



Tracey McKay, aged nine, and Mr Keith Wyncoll, of the Crystal Palace Foundation, London, cleaning a dilapidated sphinx adorning a terrace on the old palace site. Volunteers of the foundation, set up in 1979, aim to preserve items of historical interest.

## Gaelic campaigners daub 'justice' on road signs

From a Staff Reporter

Inverness

Road signs in a wide area of the Scottish countryside north of Perthshire were defaced last weekend with the slogan "Ceartas", which is Gaelic for "Justice".

The action came after the failure of the private members' Bill on Gaelic in the Commons.

About forty road signs were defaced. A spokesman claiming to be from a Gaelic language group, calling itself Ceartas, telephoned the Aberdeen Press and Journal and announced that a long-running campaign would be launched similar in style to the Welsh language protest.

Militant Gaels were clearly

angered by the failure of the Bill and because Westminster took the view that Gaelic did not require further protection. The anonymous spokesman told the newspaper: "We now plan a campaign of civil disobedience which will include the destruction of transmitters in Scotland and England."

An Communist Gaelic speaker, the society which is the chief promoter of Gaelic, had described the Bill as potentially the most important happening for a generation in the Gaelic world.

Mr Colin Spencer, secretary, said yesterday that they were extremely disappointed that such a modest claim had been rejected and that it had taken five hours of debate to do it.

Mr Crowder said Mr Arnett had been married to his first wife for 40 years up to her death in 1973. Since then he had lived alone in his £32,000 detached bungalow on a £124-a-week pension from his job as a salesman.

He had never had an over-draft, but his second wife began to run one up soon after their marriage. Counsel added: "In a matter of 10 weeks he was dead. To put it in a nutshell, this lady, who is some 31 years younger than her childless husband, married him for his money and murdered him for his money."

"She was out for money. After some weeks it became apparent that he was not as sensible and stupid as she thought and there were indications that the will was going in another direction."

The trial continues today.

**Helicopter trial**

Routine patrols by a helicopter were started yesterday for a six-week trial to see whether man hour savings can be achieved.

## Wife strangled man, 82, for money, QC says

Bernadine Arnett married her husband, aged 82, after a week's courtship, and strangled him 10 weeks later, Mr Peter Crowder, QC for the prosecution, said at Reading Crown Court yesterday.

Mrs Arnett, aged 51, had claimed it was because he demanded oral sex, but the real reason was that she married him and murdered him for his money, Mr Crowder said.

Mrs Arnett, of Monkwood Close, Newbury, Berkshire, denied murdering her husband by strangling him with her hands and a dressing gown cord on October 22 last.

Mr Crowder said Mr Arnett had been married to his first wife for 40 years up to her death in 1973. Since then he had lived alone in his £32,000 detached bungalow on a £124-a-week pension from his job as a salesman.

He had never had an over-draft, but his second wife began to run one up soon after their marriage. Counsel added: "In a matter of 10 weeks he was dead. To put it in a nutshell, this lady, who is some 31 years younger than her childless husband, married him for his money and murdered him for his money."

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**Helicopter trial**

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## New director for health education body

A nutrition expert based in the United States is to become director of the Health Education Council, the quango whose job is to persuade the nation to live a healthier life.

Professor Keith Taylor, aged 56, Professor of Medicine at the University of Stanford, is to take up the job on July 1 at £25,695 a year.

That is understood to be some £5,000 more than the salary of Mr Alastair Mackie, director general for eight years, who is to take an 18-month sabbatical until retirement after disagreements with some council members.

Mr Mackie, admired by journalists for an often abrasive style, was at times less popular with health educators and MPs. One campaign depicted a naked, pregnant woman and asked "Is it fair to ask your baby to smoke?"

Professor Taylor, born in London, qualified in medicine at Oxford.

Figures for the sciences are too low for proportionate increases to be made; there are 15 applicants for chemistry, the same as last year, and 27 for physics, compared with 15 last year.

Applications for BEC courses in French are down by nearly a fifth, while applications for craft, design and technology, another area in which there are serious shortages of qualified teachers in schools, are about the same as last year.

Lady Young also said that a record number of people had come forward for training and retaining this year as teachers of "shortage" subjects under

## New closed shop dispute in Midlands

From Arthur Oeman

Walsall

An appeal was made to Mrs Margaret Thatcher yesterday by two school "dinner ladies" threatened with dismissal in another closed shop dispute in the West Midlands.

The Labour-controlled council at Walsall, which adjoins Sandwell, where Miss Joanna Harris, aged 20, a poultry inspector, was dismissed last week for refusing to join a union, is ready to dismiss Mrs Joan Cooper, aged 52, of Falmouth Road, Walsall, and Mrs Doris Todd, aged 35, of Foxway Drive, Erdington, Birmingham.

A telegram to Mrs Thatcher read: "Please help us. Dinner ladies closed shop dispute Walsall, West Midlands."

Mrs Cooper works at the Blue Coat Church of England infant school in Walsall, and Mrs Todd at the Streely Comprehensive School, where some of her kitchen colleagues have refused to accept her because she has declined to join the National Union of Public Employees.

Both lost their appeals against joining when they appeared before a disputes panel last Friday. The panel comprised of Labour councillors, union officials and a legal adviser from the local authority.

Councillor Brian Powell, the leader of the council, said yesterday: "They could not justify not belonging to a trade union."

Eight other people, mostly ancillary workers, would be required to take the reasons for not joining a union.

Mrs Cooper, who has six children, said: "I realize that I cannot win this battle, but I am going to fight until I have to give up. I have never categorically said I would not join the union, but I will fight to stay out of it."

Mr Norris McWhirter, of the Freedom Association, had been in touch with them.

Mrs Todd said: "I have no intention of joining the union. We both feel the panel hearing was a waste of time and money. We felt at a disadvantage because they obviously had no intention of changing their minds and we felt it was a fait accompli."

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## In brief

### Two for trial on jail plot charge

Stanley Thompson, aged 35, who is accused of escaping from Brixton prison and helping two others to escape, including Gerard Tuite, the alleged IRA man, on remand, was committed at Crampton Magistrates' Court, London, yesterday on bail for trial.

Mr Thompson, of Onger Way, Rainham, Essex, was charged with conspiring with Mr Tuite and James Moody to escape from the prison last December. Also committed for trial, on bail, was Mr Moody's brother, Richard Moody, aged 41, of Rosendale Gardens, West Dulwich, London, charged with conspiring with Mr Thompson to effect the trio's escape.

Mr Thompson, who was charged with conspiring with Mr Tuite and James Moody to escape from the prison last December. Also committed for trial, on bail, was Mr Moody's brother, Richard Moody, aged 41, of Rosendale Gardens, West Dulwich, London, charged with conspiring with Mr Thompson to effect the trio's escape.

Mr David Wiltshire, aged 37, a political researcher and administrator, has been chosen from 128 applicants to be the Conservative parliamentary candidate on the Isle of Wight. He is married, with two children, and is from Midsomer Norton, Somerset.

General election: S. S. Ross (Lib), 52,890; D. P. Fothergill (Con), 35,353; C. Wilson (Lab), 3,011; Lib. 1st seat.

**Lost for a century**

An inscribed silver trowel which disappeared from a Roman Catholic church in Nottingham in 1880 was bought in a shop in Japan, by an American tourist, who has returned it to the Bishop of Nottingham, the Right Rev James McGuinness.

**Dearer drinks**

Scottish and Newcastle Breweries increased the price of beers in its 550 managed public houses by 1p yesterday. A nip of spirits is 1p dearer in the North-east and 2p dearer elsewhere.

**Qantas flights stop**

Qantas flights in and out of Heathrow airport yesterday and today were cancelled because of a strike by the airline's staff in Australia.

**ITV chief says viewing is beating Saturday night out**

By Kenneth Gosling

The British addition to a good Saturday night out is rapidly giving way to a quiet evening in front of the television set, according to viewing figures disclosed at a London press conference held yesterday to publicize the spring schedules on commercial television.

Mr Michael Grade, director of programmes, said that 70 to 75 per cent of people with television sets were viewing on Saturday nights. He and his fellow programme controllers claimed most of that audience, not only on Saturdays but at other times as well.

Allegations by advertisers that the BBC had pulled ahead were firmly rejected. Mr Paul Fox of Yorkshire Television said that many independent television shows were saturating the top 20 on Saturday nights; the balance had shifted to independent television and would stay there.

Mr Grade went further. He said that as far as the winter schedules were concerned independent television had won every Saturday night. Belfast had slumped, ousted by The Professionals.

"The audience is coming back in very big numbers on Saturdays, and with people watching as much television as they ever did, this is very encouraging to us," Mr Grade said.

An unusually large number of new programmes will be shown by independent companies in the autumn, including six comedy series and a good deal of original drama. A Ken Loach film for ATV, *Looks and Smiles*, deals with youth unemployment.

Documentary and current affairs programmes include an LWT film based on a year spent with Princess Anne, Captain Mark Phillips and their son, Peter.

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Drug's set to top 6,500ft interest

## WEST EUROPE

### Thousands join huge protest at death of Basque suspect

From Richard Wigg

Madrid, Feb 16  
Tens of thousands of people joined a demonstration tonight in the three main cities of the Basque region in protest at the death in police custody of Señor José Ignacio Arregui, aged 30, who was suspected of being a member of ETA, the Basque separatist organization.

The demonstrations came after a day in which there was an almost complete general strike throughout the region. Large and small industries closed, often after assemblies among the staff. In the three main cities the local authorities, transport, the post office and the municipal police all stopped working, as did schools, universities, shops and banks.

The regular Monday meeting of the Basque regional cabinet was also suspended. In San Sebastián bank clerks marched through the main streets while hospitals staged symbolic strikes or attended only to emergency cases for the day.

In Vitoria, seat of the new autonomous government, a crowd of about 2,000 marched on the office of the civil governor shouting slogans against the Spanish police.

The strike, called by all the Basque political parties, except the Centre Democratic Union, and all the Basque trade unions, coincided with the funeral of Señor Arregui in his native town where the coffin had been displayed on a catafalque in the main square.

An estimated 10,000 people followed the funeral service at which 11 priests officiated.

This evening's demonstrations used the same slogan—"peace and an end to violence for the Basque country"—as that adopted for the huge anti-ETA demonstration a week ago after the killing of a Basque nuclear engineer from the Lemona power station, by ETA Militair, the organization to which Señor Arregui belonged. But the Basques were also protesting today for all Span-

iards who have been shocked by the "evident" survival of police methods in the Franco era in spite of Article 15 of the constitution of 1978, which states: "Every citizen has a right to life... and shall under no circumstances be submitted to torture or inhuman or degrading treatment."

The Spanish press has begun to speculate that Señor Leopoldo Calvo Sotelo, if confirmed later this week by parliament as Prime Minister, will seize on the opportunity provided by forming a new administration to drop Señor Juan José Rosón, the Interior Minister, in accordance with the traditions of ministerial responsibility in Western democracies.

Señor Rosón belongs to the "Azules" faction of the Centre Democratic Union, so called because he was among those elements who joined the party formed for the 1977 general elections straight from the Franco regime's bureaucracy and who formerly wore the blue shirts of the Falanga.

Later today an investigating magistrate is due to begin hearing the five Madrid police inspectors, now detained, who conducted the investigations. A final post mortem report says that Señor Arregui's death was caused by respiratory troubles resulting from bronchial pneumonia due, in turn, to "physical violence".

The Cortes, Spain's parliament, reassembles tomorrow after the Christmas recess and one day before Señor Calvo Sotelo presents his government programme. Opposition parties have indicated they intend to press the outgoing government on the scandal.

A total of 114 of the 147 convicted or suspected ETA terrorists detained in Madrid's Carabanchel prison have started a hunger strike in protest at Señor Arregui's death.

According to the police, Señor Arregui was responsible for the killing of two civil guards and was arrested in Madrid on February 4 allegedly preparing the kidnapping of a prominent public figure.



The shattered interior of an office in the South Yemen Embassy in Paris after yesterday's attack.

### Rockets fired at Paris embassy of S Yemen

From Charles Hargrove

Paris, Feb 16  
The South Yemen Embassy, near the Arc de Triomphe, was damaged in a rocket attack early today. No one was injured but a fire was started which partly destroyed the first floor offices of the embassy.

An anonymous caller later claimed that the attack was in retaliation for "all the victims of the Rue Copernic". Last October, an explosive device went off outside the synagogue in the Rue Copernic nearby, while prayers were in progress. Four people were killed and 20 others injured.

The attack appeared to be the work of professionals. The two rockets which caused the damage were fired with a timing device from a courtyard in Avenue d'Iso, which overlooks the back of the South Yemen building.

The launchers were placed on a wall, about 9 ft high, and trained on the first floor windows of the embassy about 30 yards away. They smashed through iron bars and shutters of one window and exploded in one of the offices, starting a fire.

About half an hour after the explosion, a recorded message was received on the telephone by Agence France Presse agency. It said: "We claim responsibility for the action carried out this morning against the South Yemen Embassy. We signed it next to the launching spot of the rockets. Remember Copernic."

Police investigators found the two burned-out rocket launchers, and on top of the wall

where they had been sited the zinc sheeting had partly melted away, but scrawled in black paint, the words "remember Copernic" were still visible.

The embassy remained closed today. But it issued a statement this afternoon which said that there was no doubt whatever as to those responsible for the attack. "They are the forces hostile to the Popular Democratic Republic of Yemen, who hope to deflect the Yemeni people from their struggle to achieve a better future."

"This terrorist act is the most criminal because the more criminal because the embassy staff live in the building with their families and peaceful civilians were singled out as targets."

"This attack, which could have led to loss of life, is in flagrant contradiction with diplomatic rules and norms. We therefore expect of the French authorities that they start immediate investigations which must lead to the arrest of the executioners who planned this aggression," the embassy statement said.

Mr Ibrahim Souss, the representative of the Palestine Liberation Organization in France, declared that the attack against the South Yemen Embassy coincided with repeated acts of provocation against the offices and representatives of the PLO in Paris in the last few days.

Police investigation into the bomb attack against the synagogue in the Rue Copernic is still making time after four months. No trace has yet been found of a mysterious "man with a motorbike".

### US move on disarmament breaks deadlock at Madrid conference

From Harry Debelius

Madrid, Feb 16  
The United States broke what had appeared to be a deadlock at the European security review conference here today by taking a long-awaited stand on security and disarmament issues and backing a French proposal.

"President Reagan has resolved to commit the full support of the United States Government to the French proposal," Mr Max Kampelman, the head of the United States delegation, told delegates during a plenary session of the 35-nation conference this morning.

His remark cleared the way for the possibility of an eventual disarmament conference, something which the Soviet Union has insisted on since the Helsinki review talks began here last November.

Until today, America had withheld support from all of the various proposals on security. Since the final conclusions of the Madrid conference must be approved by all participating countries, the non-committal attitude of the Americans threatened for some months to block progress in the security area.

The French proposal, backed by members of the European Community, was tabled last December. It incorporates an

important feature which the United States has insisted on repeatedly: confidence-building measures, consisting of the obligatory and verifiable reporting of all significant military activities through Europe. The United States delegation put off any decision on the French proposal until after President Reagan's inauguration.

According to diplomatic sources at the closed-door plenary session Mr Kampelman said: "Unless this meeting mandates a negotiation with specific and firm criteria those who desire effective confidence-building measures will keep us talking about words, about vague declarations and about pious but meaningless pronouncements for generations to come, and all without coming to grips with the basic requirements for real security."

We will absolutely not lend our support in this meeting to cosmetic and meaningless negotiation. Mr Kampelman also emphasized another point at the session. The United States expects, he said, "a balance of progress on security, on human rights and on economic co-operation". The progress we contemplate in the security area must be matched by significant steps forward in the other areas of the review conference.

The French proposal on security calls for confidence-building measures effective from the Atlantic to the Urals. This is much deeper inside the Soviet Union than the present limit of 250 kilometres (155 miles) east of the Soviet Union's European border.

The chief American delegate rebutted East European objections, that the Soviet Union would be obliged under the French proposal to reveal troop movements in its own territory whereas the United States would not.

He argued that more Soviet troops would actually be exempted from coverage than American troops since there are about twice as many Soviet troops east of the Urals as there are American troops in the United States.

The French proposal is more specific than a Polish plan, which is the principal one presented by the Soviet bloc. Asked whether the United States could support a "marriage" of the French and Polish proposals, Mr Kampelman said at a news conference after his speech that "the essential preconditions" regarding obligatory confidence-building measures must be included as part of the dowry "if there are any suitors proposing marriage".

### Greek bases talks run into snags

From Mario Modiano

Athens, Feb 16  
The negotiations between the United States and Greece on the future status of the American military installations here, have run into some difficulty. Both sides have rejected suggestions today that the talks, which began three weeks ago, had reached an impasse.

The Greek Government is trying to trade off the bases against some credible United States reassurances about Greece's safety in the Aegean, including a pledge that the practice of granting military aid to Greece and Turkey so as not to upset the balance of power between them will be continued.

Exchanges about this request as well as about the assurances sought for Greek territorial integrity in the Aegean are taking place at higher level but Washington appears reluctant to assume any commitments that could embarrass its relations with Turkey.

The base negotiations proper which are being conducted by diplomatic-military teams in Athens, were suspended for a few days for technical reasons, but will be resumed next week with the intention of winding up the first exchanges.

One of the most difficult points in the negotiations is the extent of the command and control that the Greek base commander would be able to exercise within the bases to ensure against their unauthorized use for non-Nato purposes.

### Hospital escape by terrorist

Parma, Feb 16—A convicted member of an Italian terrorist gang escaped from a hospital today.

Cesare Maino, aged 40, was recently transferred from Parma prison to the hospital where he was having tests for a liver complaint. Police had no immediate details of how he escaped. He had been serving a 15-year sentence.—Reuter.

### Herr Honecker favourable to reunification of Germany

From Gretel Spitzer

Berlin, Feb 16

For the first time in years the possibility of German reunification has been officially mentioned in East Germany.

Speaking to party functionaries in East Berlin yesterday Herr Erich Honecker, the East German leader, not only used the word—it was crossed off the party statute years ago—but also approved of unification "should West Germany turn socialist".

The day would come when socialism would be knocking at the doors of West Germans now pretending that unification mattered more to them than their purses, he said. Once the working people embraced socialism to remould West Germany, the question of unification of both German states would stand in a new light.

"There should be no doubt what our decision would be," he said to prolonged applause.

In a realistic assessment of the scope of action of both German states as members of different blocs, Herr Honecker emphasized the significance of relations between the two states for world peace, a relationship that carries "no little weight".

He said East Germany would continue in accordance with the coordinated East block foreign policy, to try to shape its relations with West Germany to safeguard peace.

East German sources implied that the country would like to explore the possibility of a joint German initiative on disarmament. It is understood that this was a main topic on the East German agenda for Herr Honecker's meeting with Herr Helmut Schmidt, the West German Chancellor, that was cancelled by Herr Schmidt at short notice.

Cool reception: West Germany responded coolly to Herr Honecker's statement on unification (Reuter reports from Berlin).

SPD leader quits: Herr Dietrich Stobbe, the Chief Burgomaster of West Berlin until he resigned last month when defeated by the House of Representatives, today announced his resignation as chairman of the West Berlin Social Democratic Party (SPD) (Gretel Spitzer writes).

Herr Peter Glotz, successor to Herr Egon Bahr as manager of the SPD in Bonn, agreed to take over the chairmanship of the Berlin SPD.

### Elections keep M Marchais at home

From Our Own Correspondent

Paris, Feb 16

M Georges Marchais, Secretary General of the French Communist Party is not going to the Soviet party congress in Moscow at the end of this month. He is the third West European communist leader who is unable to make the trip.

But the reasons for M Marchais not attending are quite different from those of his Spanish and Italian counterparts. Señor Santiago Carrillo and Signor Enrico Berlinguer.

They have to do with the French elections and imply no disapproval of Soviet policy in Europe or the armed intervention in Afghanistan.

In contrast, the Spanish and Italian communist parties have given warning that Soviet intervention in Poland would lead to a break in their relations with Moscow.

M Marchais, who has reverted to a strictly orthodox line at the very moment when the Warsaw Pact countries might decide to intervene militarily in Poland.

The leftist newspaper Liberation describes the French communist leader's decision to stay away from the congress as "opportunism".

It would look a little too much as though he were going to Moscow to receive his marching orders, to do everything in his party's power to facilitate the reelection of President Giscard d'Estaing, without appearing to do so, or, rather, to ensure that M Mitterrand, the Socialist Party candidate, does not benefit from communist votes in the second ballot.

point of view, Le Figaro points out today for M Marchais to be photographed on Red Square at the very moment when the Warsaw Pact countries might decide to intervene militarily in Poland.

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those forces which have unleashed a true and proper offensive against socialism in Poland.

The letter arrived in December and was brought personally to Signor Berlinguer by an official of the Soviet Embassy. Its existence has only now been made public and it is still far from certain whether its contents were revealed to Panorama by the party here or by the Russians.

There is a plausible explanation for either theory. The communists here might wish to have their hands clean in the event of a Russian invasion of Poland. They might also feel that publication of the highly critical letter would help them to free of Russian influence.

The Russians might have published it in order to demonstrate to the uneasy rank and file of the Italian party how dangerously far Signor Berlinguer is carrying them, from the gospel according to Moscow.

Given that he is known to have troubles with his more traditionalist followers, especially now that the election of an openly anti-communist President in the United States makes flexibility suspect, the view of a Russian breach of confidence is also not unthinkable.

Signor Berlinguer did not go a long way towards solving the mystery yesterday.

On domestic measures, however, including the need for a political lead to the trade union movement, he was unusually harsh. He called for a "profound transformation which includes the economy, society, the parties and also ideas, because one thing is certain: it is not possible to emerge from the present situation with simple adjustments and marginal corrections."

### Holland joins the world's wine producers

From Robert Schull

Amsterdam, Feb 16

While from grapes grown and ripened on Dutch soil was seared a few decades ago today put Holland on the viticultural map of the world.

The first bottle of white Flevoland was handed with some ceremony tonight to the mayor of Drontheim in the Flevopolder which claims to possess not only the most northerly vineyard in the world but also the lowest lying one.

The 1980 vintage was only 20 litres but this is expected to increase to between 5,000 and 6,000 litres in few years' time. About 1,800 Weissburgunder vines were planted in the Drontheim vineyard three years ago.

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But Signor Berlinguer's dilemma is that he needs evidence of difficulties with the Russians in order to cultivate at home his own claim to lead a potential party of Government. Which brings one back to the theory that he, not the Russians, might have leaked the letter.



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### French Academy honours Dr Sakharov

From Our Own Correspondent

Paris, Feb 16

Dr Andrei Sakharov, the leading Soviet physicist and human rights campaigner, was today elected a foreign associate of the French Academy of Science.

He has been living in exile in Gorky, 125 miles east of Moscow, for the past year.

He was elected an associate member of the Academy of Moral and Political Sciences, another of the five academies of the Institut de France, a year ago.

"This election is not a political act," M Paul Germain, one of the two secretaries of the Academy of Science declared after today's election.

"Our choice was based on the great importance of the work achieved by Sakharov in the different fields of physics. In spite of his exile, Dr Sakharov continues to write a great deal, notably on the structure of matter."

### Mystery of Russian letter 'leak'

From Peter Nichols

Rome, Feb 16

Who is influencing whom is a fair question after accusations here tonight that Signor Enrico Berlinguer, the Communist Party leader, sought in a speech yesterday at Turin to impose the party's views on the unions.

In the same speech, he rejected what he regarded as Soviet interference in Polish affairs in response to Russian accusations that he, not they, was the misleading influence on the Poles.

The speech may well turn out to be as important as it is obscure. It comes after a deep political mystery broke over the publication of a highly confidential letter to him from the Russians on the Polish issue.

The text will appear in the next number of the periodical Panorama. It contains harsh criticism of the Italian party's anti-Soviet treatment of the Polish crisis. The Italians are accused—obviously in what was supposed to have been a secret reprimand—of "supporting



## OVERSEAS

## US space shuttle is worrying Moscow

Moscow, Feb 16.—Pravda today accused the United States of planning to use its new space shuttle to extend the arms race to space.

One of the shuttle's main tasks, the party newspaper claimed, would be to test lasers capable of destroying rockets in mid-flight. The shuttle would have other military functions, such as inspecting objects in space and retrieving them for dismantling or destruction.

Moscow would clearly be concerned about the possibility of its own space satellites being picked up and brought back.

Unlike previous spacecraft, the shuttle is designed to return to earth intact and to be used again for other missions.

The Pravda accusations came on the eve of important shuttle engine tests at the Kennedy Space Centre at Cape Canaveral, Florida.

Washington has insisted it will use space only for peaceful purposes.—Reuters.

## British High Commissioner went beyond 'normal functions' over constitutional issue, Canada says

From John Best  
Ottawa, Feb 16

Sir John Ford, British High Commissioner to Canada, went beyond his "normal functions" in conversations about patriation of the Canadian constitution, and strayed into the realm of politics, the Canadian Government found today.

Mr Mark MacGuigan, Canada's External Affairs Minister, said however, he had been informed that the British Government has "no intention of interfering in Canadian affairs, and that he considered the matter of Sir John's conduct closed."

Mr MacGuigan was reporting on an "investigation" launched earlier this month after Mr Edward Broadbent, the leader of Canada's New Democratic Party (NDP), accused Sir John of "intolerable interference" in Canadian affairs.

The charge resulted from a conversation the High Commissioner had with an NP Member

of Parliament at a skating party. Sir John outlined the difficulties which Mr Pierre Trudeau's present move to bring home the constitution from Britain is likely to face in the British Parliament.

In making the change, in the House of Commons, Mr Broadbent said there had also been other instances where Sir John had overstepped the bounds of proper diplomatic conduct.

Answering a Commons question about the investigation today Mr MacGuigan said the Canadian Government had no objection to anything the High Commissioner may have done to represent his Government's position "in relation to its interests."

Nor did it object to his trying to "communicate an understanding of the situation in the British Parliament. This is an entirely appropriate type of diplomatic activity." Part of what Sir John had done fell into this category.

The Minister said he had been assured that Sir John had "no intention of interfering in Canadian affairs, and that he considered the matter of Sir John's conduct closed."

The British High Commissioner here said the Foreign Office today expressed renewed confidence in Sir John. The High Commissioner was expected back in Ottawa later today.

Mr MacGuigan said the investigation was to press Ottawa's case in the constitutional dispute (Our Foreign Staff writes).

He is to address the Canada Club on March 25 on the constitution, and probably will seek a meeting with Lord Carrington, the Foreign Secretary, Canadian officials in London said.

Debate on a Bill to amend the Canadian constitution begins in Parliament at Ottawa tomorrow.

## Philippines prepares to welcome the Pope

From Peter Hazelhurst  
Manila, Feb 16

The Pope will witness some sharp contrasts between the rich and poor in Asia and in the influence of the Christian faith in the region when he arrives in Manila tomorrow to begin a nine-day visit to the Philippines and Japan.

Reflecting how the Roman Catholic Church has emerged as a dominant force in the Philippines during the past four centuries, millions of staunch Christians, many of them representing some of the poorest people on earth, are expected to line the streets of Manila and other cities during the next four days to pay homage to the Pope.

Making his first visit to Asia as leader of the Catholic Church, the Pope will celebrate Mass at Manila Cathedral tomorrow and beatify Lorenzo Ruiz, a seventeenth-century Christian martyr on Wednesday.

He will then witness the real problems of the church in Asia, the reason why a Third World country, dominated by Roman Catholicism, has virtually defied Rome and is attempting to promote all forms of birth control.

On Wednesday the Pope will be taken to the district of Tondo in Manila, one of the country's worst slums, where he will meet "the poorest of the poor", staunch supporters of the Catholic Church who are living in squalor and supporting large families on minimal wages.

"We are not informing the families selected to meet the Pope in Tondo. If we did they would attempt to use their small savings to dress up for the visit. We want the Pope to see them at first hand", Father Melchor Dando, the local parish priest said.

However, Father Melchor pointed out that all of the families under review are staunch Catholics and have six or more children.

Mr Michael Fernandez, a social worker said: "That should show the Pope why we must reduce our birth rate from the existing level of 2.3 per cent."



Bullock carts laden with baskets trundling under a welcome banner in Manila.

The Pope will call on the country's authoritarian leader, President Marcos, and his wife at Malacanang Palace tomorrow, said Cardinal Jaime Sin, the Archbishop of Manila, and the church, a leading champion on human rights, have been at pains not to associate the Government too closely with the Pope's visit.

"This is a pastoral visit. More than 85 per cent of 49 million Filipinos are Catholic and so we want to make certain that President Marcos is unable to use the visit to enhance his political ambitions", a prominent leader of the church, the country's main opposition force, told The Times.

The Pope will also fly to the southern islands of the archipelago to get a close view of an uprising of minority Muslim militants who are fighting for a separate Islamic state, a battle that has gone on for 30 years.

In sharp contrast to the poverty, political unrest and the deep seated roots of the Catholic Church in the Philippines, the Pope will fly to Japan next week to see the newly found affluence and stability of a society motivated by Confucian ethics.

When he arrives in Tokyo the Pope will find the church as a small and unimportant religious minority within the social framework of the world's second largest industrial power. "The Catholic Church is tolerated and even admired in Japan; but we must accept the fact that we have failed to attract more than a tiny minority to our faith since Christianity was first introduced to Japan", Father Jaime Lopez, a visiting Jesuit, admits.

Statistics released recently by the Japanese Government reveal that about 1 per cent of Japan's 116 million people are Christians and only 400,000 of these have been attracted to the Roman Catholic faith.

The advance of the Catholic Church was retarded in Japan in 1620 when the Tokugawa Shogunate isolated Japan from the rest of the world and banned Christianity as a foreign religion.

Christians who refused to convert to Buddhism renounced their religion in public but remained "hidden Christians" until the Tokugawa dynasty was toppled in 1856 and Japan reopened its contacts with the West.

Father José de Vera, the dean of Tokyo's Roman Catholic Sophia university, recently told journalists that he hopes the Pope's visit will provide the Vatican with more understanding of the Roman Catholic problems in Japan and, at the same time, enhance the church's influence.

But despite the church's standing in Japan, there can be little doubt millions of curious Japanese will follow the Pope's visit with keen interest.

## Legal Appointments

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For further information, please write in confidence to: Air Vice-Marshal P. Furniss, DFC, TD, RAF Director of Legal Services (RAF) 9 LB/1, Turnstile House, 94-99 High Holborn, London WC1V 6LL.

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## Vote-catching budget in South Africa

From Our Correspondent  
Johannesburg, Feb 16

South Africa was treated to a vote-catching mini-budget today when Mr P. W. Botha, the Prime Minister, announced a broad package of pay rises for public servants and pensioners and hinted at more tax cuts.

Voters go to the polls on April 29 and it was widely expected that Mr Botha, introducing a Rands 8,900 million (about £5,028m) part-proportionate Bill would take steps to cure disenchantment of public servants.

Teachers, who have been leaving the profession in thousands for better paid jobs in the private sector, were singled out for a 20 per cent rise. There were also increases for farm officers, the police, nurses and soldiers.

## Four sentenced to death for Mozambique terror

From Ray Kennedy  
Johannesburg, Feb 16

Four men have been sentenced to death and 27 to long Prison terms in Mozambique for crimes committed in the name of the Malawi-based Free African Movement.

The official Mozambique news agency, AIM, reported from Maputo today that the movement was closely related to the Mozambique National Resistance (RNM) movement which President Samora Machel of Mozambique has claimed is backed by South Africa.

The four men sentenced to death were said to have spread terror in northern Mozambique and to have murdered peasants who had joined cooperatives and communal villages. The 27 jailed for between eight and 14 years were convicted of armed robbery, receiving military

training and recruiting rebels. There has so far been no official South African response to President Machel's denunciation of the attack by South African troops three weeks ago on a headquarters base of the outlawed South African National Congress (ANC) near Maputo.

President Machel paraded eight army officers, barefoot and manacled before a crowd of 50,000 people, and said they would be charged with treason and corruption. He said they had ordered their troops not to engage in combat with the South Africans.

But he made no specific threats against South Africa and there was no hint in his three-hour speech of any change in the economic relationships which are extremely valuable to both countries.

## Solidarity union hopeful on labour truce

From Dena Trevisan  
Warsaw, Feb 16

The first serious indication that Poland's independent trade union leadership is ready to accept the appeal by General Jaruzelski, the Prime Minister, for a strike-free period of 90 days came today in an interview with Mr Karol Modzelewski, the spokesman for Solidarity.

He left no doubt that the union welcomed the new Government and regarded its programme as creating a real chance for the dangerous trends in the country to be halted and for a new partnership that could usher in a new era in Poland.

The political climate has changed dramatically and the tense situation has calmed down. General Jaruzelski's 10-point Government programme has greatly contributed to this by his unequivocal pledge to

open a dialogue with the people. Solidarity, on its part, has taken several steps to stop the dangerous spread of local strikes. It has let it be known that some controversial issues will not now be negotiated under the threat of strikes but in a calm atmosphere, thus showing willingness to meet the Government's call for a truce.

General Jaruzelski's Government, the union spokesman said today, commanded respect in the country by its honesty, which is new in Poland as in the past six months similar Government appeals had fallen on deaf ears.

Mr Modzelewski spoke of the new Government's programme as providing a real chance for the country. What Poland needed, he said, was a strong Government as the danger was

in weak authority which failed to win social respect and tended to ignore the union by confronting it with fait accompli, such as was the case recently with the five-day week.

The Government must prove by its actions that it meant what it said. One inescapable condition was to respect the partnership with the independent union and to seek together a way out of the crisis. The objective was not a mere 90-day labour truce but a long-term peace which, however, did not mean to say that there would be no strikes, he said.

The important thing was to avoid confrontation and to continue the dialogue. However, Mr Modzelewski emphasized that strikes in Poland were here to stay as a feature of the social and economic landscape. But he left no doubt that a new relationship of trust was

now beginning to emerge and that the union was ready to help the Government as an equal partner in public life.

From many parts of the country messages of support for General Jaruzelski's Government are coming in indicating how much the popular mood has changed. Although no predictions can be made as yet on how lasting this mood will be one thing is certain: General Jaruzelski's direct approach has swung public opinion to his side. And in this lies the chance of his Government.

Call for toughness: The Soviet Government newspaper Izvestia tonight published an implicit call for tough Government action against extremists in Poland's Solidarity union who, it claimed, had embarked on a course of political subversion (Reuters reports from Moscow).



OVERSEAS

# Setback for Israelis as court rules on electricity takeover

From Christopher Walker  
Jerusalem, Feb 16

The Israeli Government today suffered a severe setback in its attempt to expropriate the Jerusalem District Electricity Company, the largest remaining Palestinian-owned business in either the occupied West Bank or the former Arab sector of Jerusalem.

In a controversial judgment, Israel's Supreme Court ruled that the Energy Ministry had no right to take over the Arab concession in the West Bank, although it was legally entitled to expropriate the Palestinian company's assets in annexed East Jerusalem.

The three judges requested the ministry to consider, in the light of the judgment, whether it now wanted to cancel any part of the company's concession. They also issued a 15-day injunction preventing the Israelis from taking over the East Jerusalem assets, indicating that such a move would have to be preceded by another court hearing.

It is estimated that the company serves about 40,000 consumers in East Jerusalem, another 30,000 in the West Bank, including a number of Jewish settlers, and Israeli army posts. Its headquarters and generating plant are in East Jerusalem.

Reading the judgment, Justice Yitzhak Kahan rejected the Government's claim that the takeover had been mooted purely for "economic or technological" reasons. The judges decided that it had been intended for political purposes and, as such, was illegal under the international law which applied to the occupied West Bank but not to annexed East Jerusalem.

Both sides claimed the verdict as a victory and Mr Anwar Nusseibeh, a former Jordanian Defence Minister and company chairman, said: "I am confident that the entire company will remain intact and under Arab control."

Earlier, many of the 400 Palestinian employees had pledged to resist any Israeli takeover.

A spokesman for the Energy Ministry said that Mr Yitzhak Moda'i, the Minister, would be studying the verdict before announcing his intentions. "As a result of the Supreme Court decision there is now no legal obstacle to prevent us winding up the company's operations within Israeli sovereignty," the spokesman added.

It was unclear whether the ministry will press ahead with this partial expropriation despite the implied disapproval reflected in the court's verdict. The minister is believed to be under pressure from some hawkish Cabinet colleagues to split up the company, despite the complications such a move would pose.

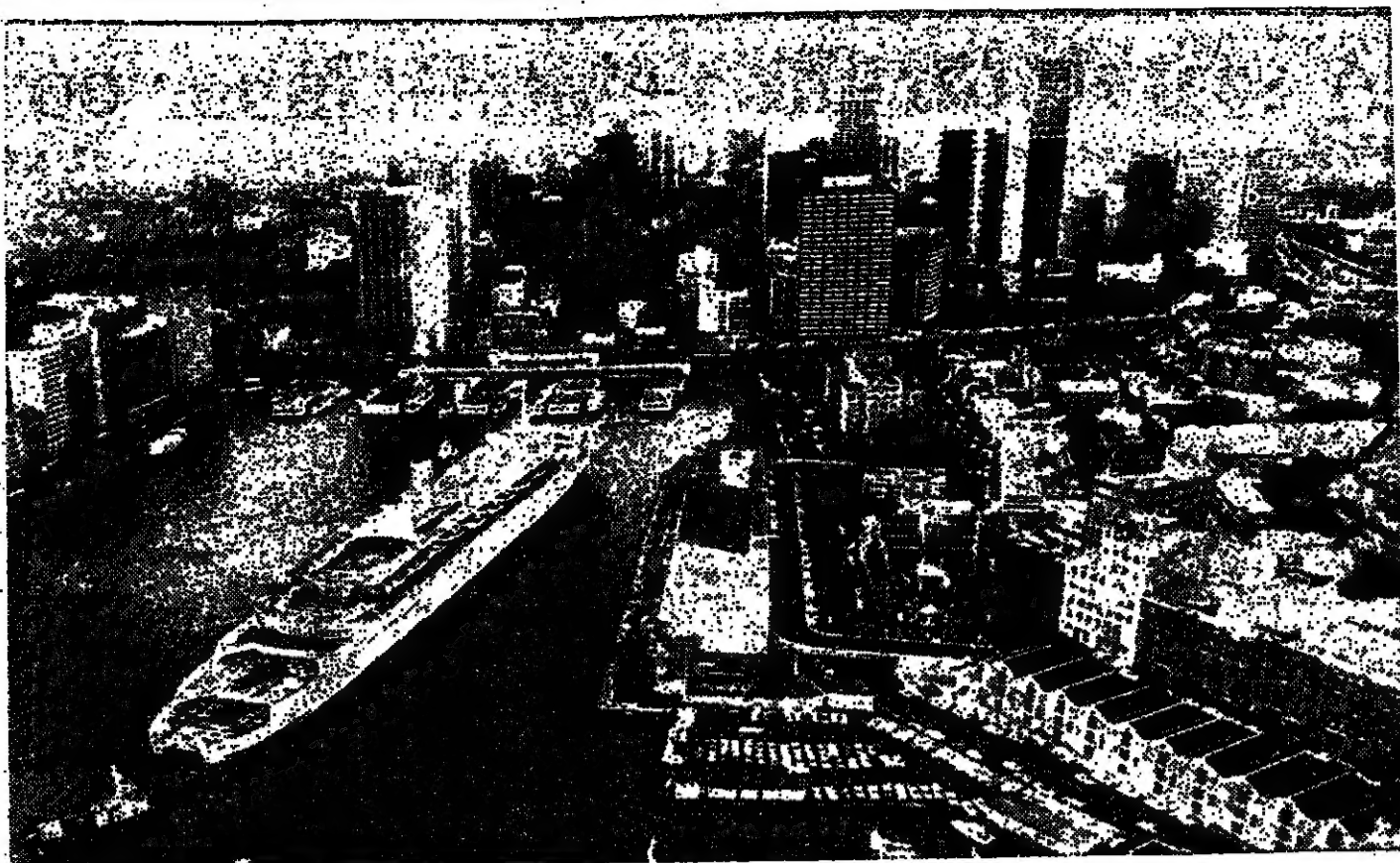
Since the takeover scheme was first announced in January last year, the electricity company's future has become an emotive symbol of the efforts by the local Arab population to resist increasing Israeli influence in both the West Bank and East Jerusalem.

Historically, the contested electricity concession is regarded as extending for 20 miles from the dome of the Church of the Holy Sepulchre.

In recent months, both the opposition Israeli Labour Party and leading members of the Jerusalem municipality have bitterly criticized the takeover plan, warning that it could become the focus for new clashes.

Three Palestinians and two Egyptians have been charged with trying to sabotage the Israeli Embassy in Cairo (Reuters reports). The Egyptian state security services said yesterday that the efforts of the five were instigated by Al Fatah, the Palestinian guerrilla organisation, and Syrian intelligence.

A spokesman said there was enough evidence to believe that an explosion last April at a synagogue in central Cairo was caused by people collaborating with the group.



The liner Queen Elizabeth 2 docks at Sydney yesterday during an 83-day round-the-world voyage

## Patriarch's election eases tension in church

From Moshe Brilliant  
Tel Aviv, Feb 16

Archbishop Theodoros of Ierapetra, aged 58, head of the Greek Orthodox community in Jordan, was elected Patriarch of the Holy Land today, defeating Archbishop Vasilios, the Metropolitan of Caesarea who had been favoured by Israeli officials.

The synod voted nine to five, the Church of the Holy Sepulchre in Jerusalem said and the decision was proclaimed by the pealing of the ancient bells.

Observers said the election of Archbishop Theodoros was expected to ease pressure in the Jewish state was strongly influenced by the patriarch, Benedictos I who died on December 10 at the age of 88, had maintained a warm relationship with the Israeli authorities, it was said.

Under his tenure the church leased lands to the Israeli Government for development projects including a national park around the old city of Jerusalem.

Israeli officials acknowledged privately that they had been dismayed by the prospect of bringing in a patriarch who had been expelled to Arab political views for a decade and a half.

Some lobbied discreetly for Archbishop Vasilios. Mr Teddy Kollek, the Mayor of Jerusalem, said he had told clergy members who he asked his advice that he regarded Archbishop Vasilios as someone he could work with.

Israel and Jordan had power to veto any of the candidates but the Israelis decided not to veto Archbishop Theodoros. An official explained that Jordanians would have reacted by vetoing Archbishop Vasilios and creating a deadlock with Archbishop Germanos, an outright anti-Israeli, continuing to function as acting patriarch.

Officials said today their concern about the new patriarch had now been largely dispelled. At a reception in the patriarchate after the election today Archbishop Theodoros, speaking in Greek, said he desired to promote good relations with the Israeli and Jordanian authorities.

The Greek Orthodox is the largest Christian denomination in the Holy Land and the patriarch is recognized by other churches as the doyen.

## The West Bank-1: Bitterness equalled only by some areas of Belfast

### Elections force renewed settlement drive

From Christopher Walker  
Tel Aviv, Feb 16

The stubborn intractability of the Middle East crisis will ensure that in the coming months the attention of President Reagan, the European Community and the disgruntled Israeli electorate will become increasingly directed towards a stretch of land only lightly larger than Norfolk.

Covering a total area of 200 square miles, the occupied West Bank has become the focal point for the continuing struggle between Arab and Jew. No stranger over the centuries to occupation by foreigners, it is destined in part or totally to provide the occasion for any successful attempt to establish a Palestinian homeland.

At present, after more than 13 years of Israeli military rule, it provides a bizarre contrast in cultures and a reservoir of inter-communal bitterness equalled only by some of the more violent areas of West Belfast. Prosperity and economic dependence on Israel are throwing side by side with a searing hatred of the Israelis and a significant radicalization in Arab political attitudes.

Stretching for 80 miles from Jericho in the north to just below Hebron in the south, the West Bank ranges from the fertile valleys near the Dead Sea to barren mountains which rise to 10,000ft. In width it stretches as far as 34 miles from the bank of the Jordan, forming at its broadest point a strategic buffer which comes within nine miles of Israel's Mediterranean coast.

It was here at a hillside war memorial near the old border that former General Ariel Sharon, Israel's hardline Agriculture Minister recently took a party of British politicians to illustrate why his Government is determined that "Judea and Samaria" (the Israeli name for the West Bank) will never be handed back to the Arabs.

A huge bull of a man with an unshakable belief in the historical right of Jews to sovereignty over the whole area, Mr Sharon pointed through the morning haze to Israel's main power stations, all within easy range of the former Jordanian artillery positions where he stood.

The future of this territory will be the most complex and controversial problem facing Israel," he predicted.

Mr Sharon is the political mentor of the extreme Jewish settlement group, Gush Emunim (Block of the Faithful) and has probably done more than any other Israeli in the past 13 years to transform the demographic map of the West Bank.

Undaunted by American criticism or the resentment of moderate Israelis, he has pressed ahead with the skeleton of a controversial settlement plan which envisages 300,000 Jews living in the West Bank by the turn of the century.

Today, the size of the Jewish civilian population is 18,000, compared with a total of 720,000 Arabs. But that well armed, highly motivated and predominantly right-wing Jewish presence has increased fivefold since the Likud coalition came to power in May, 1977.

With less than five months to go before the general election which is expected to sweep Labour back to power, Mr Sharon and other Cabinet hawks are now devoting Government cash and political muscle to bolster the settlements before they make their expected return to the Opposition benches.

Since 1967, the Israelis have purchased, expropriated or otherwise seized for civilian and military purposes more than 370,000 acres of West Bank land, nearly a third of the whole. Of this some 28,000 acres is already devoted to settlements which vary in type from expanding development towns (complete with industrial areas) to small clusters of mobile homes surrounded by ugly barbed wire fences.

"For the Arabs, the settlement issue is more dangerous than the occupation," Mr Elias Freij, the elected Palestinian Mayor of Bethlehem said. "An occupation may end one day, but the constant expansion of settlements threatens our very existence in the West Bank."



The Israeli Government always refers euphemistically to the West Bank as an "administered area" rather than "occupied territory".

For this reason, international criticism that Israeli policy is in breach of Article 49 of the Geneva Convention forbidding "individual or mass forcible transfers" into or out of occupied territory is neatly sidestepped.

Other standardized euphemisms now in official use include the "closing" rather than the "sealing" of Arab land, the "thickening" of Jewish settlements and constant reference to the Arab inhabitants as "the minority" (an observation which only applies if the West Bank is taken with the whole of Israel).

Over the past 13 years, the West Bank has also seen a dramatic change in its political make-up. The traditional, conservative notables who predominated before the occupation have now almost disappeared, having been replaced by a different breed of local leaders who claim a fierce loyalty to the Palestine Liberation Organization.

Since last May, the military government has employed a draconian security policy. Israel's political crackdown has promoted a deepened, almost despairing mood among West Bank Arabs. But it has singularly failed to produce one credible local Palestinian leader prepared to support the concept of limited autonomy outlined in the Camp David accords.

There will be four more articles in the series.

## Unions plan to resist the Reagan budget

From Frank Vogl  
United States Economics Correspondent  
Washington, Feb 16

Heavy cuts in the United States government credit programmes covering the next four fiscal years will be part of the new economic strategy to be announced by President Ronald Reagan on Wednesday.

Administration officials believe these cuts will ensure that more funds are available in the capital markets for private borrowers and that lower interest rates in the markets will be eased.

They also believe that cutting Government lending will make it easier for the Federal Reserve Board to control the money supply and that it will also secure greater efficiency in federal agencies.

The scale of the proposed credit programme reductions has yet been disclosed although officials leave no doubt that it will be very large. The President will announce up to \$53,000m (£22,650m) of actual spending cuts for the next fiscal year on Wednesday, and full details of all the budget measures will be announced then and over the next few weeks.

The AFL-CIO trade union organization's executive committee is meeting in Florida this week to plan a strategy to attack the Republican Administration's economic programmes. On Thursday leading Democratic members of Congress are expected to open an attack on their own at a hearing of the joint economic committee.

In the forefront will be Henry Reuss, the committee's chairman, and one of its best known liberals, Senator Edward Kennedy.

The attacks by the Democrats, according to sources in Congress, will focus at first on the redistributive nature of the Reagan programme, claiming that benefits are being withdrawn from the poor while considerable tax relief goes to better-off Americans.

The sources said it is unrealistic to expect more than half of the social welfare cuts to be approved by the Congress and these spending reductions will be matched by rises in defence spending advocated by Mr Reagan so that the whole budget exercise does not, in fact, lead to any fall in inflation.

To counter these expected attacks the White House is preparing a publicity campaign to parallel Wednesday's announcement of the new economic strategy.

The Administration's concern with credit programmes arises largely from the dramatic rise in federal debt. Latest budget office estimates suggest that the debt level will exceed \$990,000m by the end of this fiscal year, on September 30, after having increased by 42.2 per cent to \$931,000m during the four years of the Carter Administration.

The scale of likely credit programme cuts is indicated in Budget Office documents, prepared for Cabinet consideration, that discuss the programmes of the Rural Electrification Administration (REA), the Federal Farmers Home Administration (FHA) and the Tennessee Valley Authority (TVA).

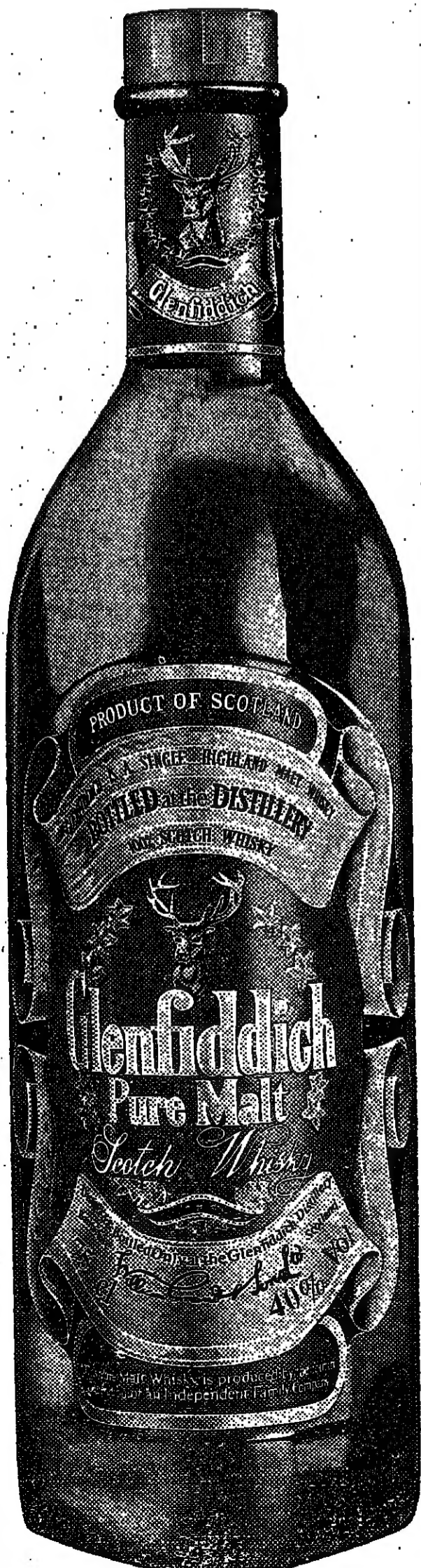
In its confidential paper the Budget Office proposed that new loan commitments by REA be cut from April 1 by more than \$5,000m a year. The reduction sought in the TVA's borrowing is \$4,000m - from \$9,000m to \$5,000m over the next four years.

The Budget Office said the FHA has grown to a size providing annual loans of around \$14,000m to housing and community development in rural areas that could be just as well financed without Government subsidies by direct borrowing in the markets.

Leading article, page 13

# Beware the Ides of March.

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who purchase  
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a smile.



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## Czechoslovakia expels several French diplomats

Vienna, Feb 16.—Czechoslovakia has ordered several members of the military section at the French Embassy in Prague to leave the country after accusing them of espionage activities at variance with norms of international law.

It said that the French Government had also ordered two Czechoslovak military attaches from their Paris embassy to leave the country. The French diplomats have been asked to leave Czechoslovakia "within a reasonable period of time, because of activities at variance with norms of international law".

Western diplomatic sources in Prague said those involved included two military attaches. They are believed to have already left the country.

Ceteka said the diplomats had been caught in a prohibited area in central Bohemia last December, and several days ago were picked up in another banned area in north Bohemia. The agency claimed that there was "documentary proof" that they had been engaged in intelligence gathering.

Last week, the British Government protested to Czechoslovakia about its treatment of an air attaché at the British Embassy in Prague who was forcibly taken from his car outside the city by uniformed police and held for a number of hours despite his diplomatic immunity.—Reuters.

## Iranian intellectuals attack 'two years of tyranny'

Tehran, Feb 16.—A group of 38 prominent Iranian intellectuals, many of them opponents of the late Shah, said today that two years of Islamic rule had brought repression, torture and injustice to Iran.

The accusations were made in an open letter signed by writers, academics, lawyers and journalists who accused the Islamic authorities of violating human rights, showing contempt for the Iranian masses, suppressing ethnic minorities and leading the country towards economic disaster.

Academics in Tehran said the letter, circulated in the streets, reflected widespread anger and growing disenchantment among professionals and intellectuals with the way Iran is governed. The 21-point letter was issued a few days after the second anniversary of the Islamic revolution which overthrew the Shah.

Listing what it called acts of tyranny since the revolution, the letter said the authorities had been guilty of "filling the prisons with militants and libertarians and torturing them".

Accusations of torture were also made last November by President Abolhasan Bani-Sadr in a public speech which led to Ayatollah Khomeini setting up an investigating committee. Torture is a sensitive issue in Iran because of allegations of systematic brutality by Savak, the Shah's secret police.

Ayatollah Muhammad Reza Khatami, head of the Supreme Court, was quoted as saying today he did not know whether the torture investigation committee had completed its work and that it had been instructed to present its final report to Ayatollah Khomeini.

The signatories of today's letter included at least seven people who had served prison sentences for opposition to the rule of the Shah.

The newspaper *Islam* Revolution said today that several people were arrested after they waved pictures of President Bani-Sadr and shouted support for him during a speech by Hajjatoleslam Raisaniani, Speaker at the Iranian Parliament. The newspaper said four of those arrested were sentenced to whippings and several months in jail after being found guilty of disturbing public order at Teyssarkan 180 miles south-west of Tehran.—Reuters and Agence France-Presse.







\_\_\_\_\_ No stamp required in U.S. \_\_\_\_\_











# Charlie Chan's yellow peril

The creatures who run television in America have raised cowardice to the status of an art form

Peter Ustinov has notably kept his nerve: he has carried the fight to the enemy, describing the pressure-groups (there's not the slightest reason to suppose that most Chinese-American want to be reeducated) as "these people, of feel any of the things so confidently ascribed to them by the (Renamobsters) as 'predators' making unsafe the waters in which we all want to bathe"—and he has done this, of course, in those of freedom.

But Mr Ustinov has also said that he is "appalled at the cowardice displayed by those who run American television", and that he is "appalled at the inaction in the rank." For the censors and intimidators have been threatening to picket and otherwise harass any television station that accepts and shows the Communist film *The Yellow Submarine*. He is, of course, well, but one, to the censors, have capitulated to the blackmailers.

Note that Mr Ustinov said he was "appalled" by their cowardice. He did not say he was "surprised", and he would have shown himself as quite

work for them, giving them the opportunity to be involved in a project which is subject to the whims of a businessman and black-mail for saving anything that might be construed by the hypocritical, the malignant and the totalitarian, as in some way offensive to any group of people who can be presented as the enemy in some way or other. In the case of the American reaction to the Chinese Revolution there are no such considerations: indeed in Universities there are now committees charged with scrutinizing research-projects to discover these might lead to discoveries displeasing to the new tyrants, for instance that there might be a correlation between science and intelligence. In the case of the Chinese Revolution, it is the fear of the loss of the leadership of Mr John Dean) which is unassuage to pass, even privately, an unguarded word, lest among those who hear it should be one who will zip off and sell it to the newspapers.

What is the cause of this? Has the most receptive, exploring, innovative, experimental, untrammeled, open-hearted nation in the world turned itself, or at least begun to turn itself, into a land so terrorized by the new superpowers that the old men of "the harden line" and intolerance befoiled the very essence of liberalism, that if anyone in their vicinity should boldly blow up a paper bag and burst it, they are instantly willing, without a second's pause, to hand out their own knives to their own privates?

I hope not. I hope that that tide will soon turn, and carry far out to sea with it the new and more terrible arm of banditry, and that the old line will stand firm, and that Charlie Chan and the Curse of the Dragon Woman will be a huge success.

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# Miners v Tories: the supreme test that faces Mrs Thatcher



Mr Joe Gormley: who will be the next champion?

In fact, this Government is not about to repeat the mistakes of the Heath administra-

tion and much of the pollicking is designed for internal consumption. There are elections pending at branch level and the whole union is gradually being cranked up into an electoral frenzy over the succession to Mr Joe Gormley, who is due to retire as national president. Accordingly, there is competition to see who can be the most vociferous champion of the miner's right to work.

This verbal willingness to take a hard line will be tried when the picketing gets underway. In the past two strikes it was picketing—particularly of power stations—that negated the value of large coal stocks and won the day. Under the 1930 Employment Act, picketing is now restricted to a trade unionist's place of work. Sympathetic industrial action

# Is confidence enough to win the war in Namibia?

Certainly the South Africans seem confident enough as they chat over sundowners in the messes of the heavily defended camps, which have been established throughout the length of the operational areas. And the camps themselves have a look of permanency about them. They are bigger, better fortified and better equipped than they were when I previously visited the area. The number of military vehicles on scene has also substantially increased.

So too have the ranks of the eight ethnic battalions of what is known as the South West Africa Territory Force

maintain the military officers' defence force during the past months with cross-border operations. The Angolans now have a regular occurrence, has forced Swaga to move its main operational bases deep into the bush. The Angolans' use of communications are stretched and it has become easier for the South Africans to intercept the flow of insurance money they make through the bush towards the Angolan-Namibian border.

The morale of Swaga is low. The Angolans believe that their fighters are short of food and supplies. Colonel Leontine, who is in charge of the Angolan military in the operational area, said. They also have their own in-

The South African success in Caprivi has been particularly striking. Once the region used to be one of the main areas of Swapo operations and was used as an infiltration route into Namibia from Zambia and

The South Africans have backed their military operations in these areas with a programme of "civic action", under which national servicemen are assigned to help in hospitals, schools and social projects. The purpose of "civic

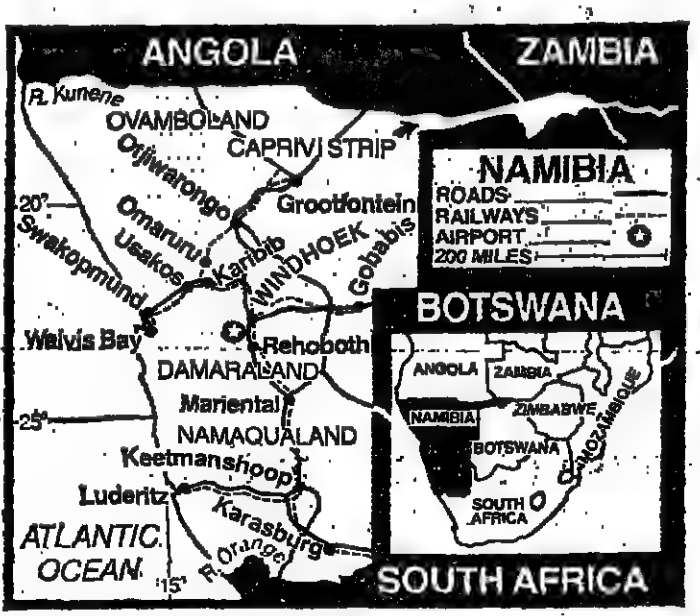
When Swapo's insurgents move into Ovamboland they are effectively operating on "home ground". Few Ovambos are likely to be wooed into supporting the South African presence in the territory, even though over 200 Ovambo civilians were killed by Swapo last

However, the South African military are convinced this would be an impossible task for such a tiny force operating in such a huge area. "It would mean that the whole area would become open to Swaziland intimidation," Colonel Martin

intimidation. The Cabinet's majority is so small that the opposition could easily turn anti-Swapo and become pro-Swapo within three months if the defence force pulls out. General Lloyd would not only get the general public on the side, but also the opposition in the upcoming elections. He would think the United Nations plan is a good one, and that, as it stands, can achieve its aim of ensuring the holding of free and fair elections."

His analysis of the present mood of the South African Government and the main internal Namibian political parties, there is no intention of going ahead with the United Nations settlement plan to the foreseeable future. Therefore, the defence force will have plenty of time to show whether in fact they can win the hearts and minds of the people. Or, Ormbald, whether Swapo will prove to be as determined and resilient as a force as the nationalist guer-

**Nicholas Ashford**



# LONDON DIARY

## The right time for a voice from the left?

Some would say there still is a left-wing daily. But the dear old *Daily Mirror* is really much too sensible and considered in its outlook to be properly classed as such, although it provides a healthy antidote to the Torvism of *The Sun*.

But *The News Line* is really much too extreme to be regarded as anything other than the mouthpiece of an extremist faction.



The Campaign for Press Freedom, established last year with the backing of Tony Benn and a number of trade union leaders, favours a mainstream left-wing daily, at least partly

## Gallop poll

Little did I realize, when I first mentioned it early last December, that so many of you would read it upon it. (You may have read it elsewhere, but you read it here first). The announcement of a new Chancellor for

The result should have been declared at the end of Saturday's meeting of Convocation, but the task was plainly impossible. Counting started at 9 a.m. yesterday, with 40 tellers drafted in from other university offices, and by late yesterday afternoon they still had not

## Daggers drawn

The John Creasey Award is given to last year's writer of the best first crime novel. The principal suspects are Alex

Neat, you see. It may fuel the suspicion that our senior universities are hothouses of academic incest, but you must agree it makes a change from that wearisome and impenetrable fuss about structuralism.

Most of Cambridge University has written to me to point out that the Oxford University Diary is not alone in getting the date of British Summer Time right

of this year. Indeed a third ancient institution, the MCC, managed to publish the correct date (March 29) in its diary, in contrast to the majority of commercial diary publishers who have declared the season open a week early. No more, please; we all know now.

**Alan Hamilton**





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## MR REAGAN SEEKS A BALANCE

President Reagan is preparing to ask Congress tomorrow for the most sweeping cuts in public expenditure for many years. This is in line with his campaign commitments and with his whole approach to the task of government. He has promised to increase spending on defence, to cut personal taxation by 10 per cent a year for the first three years, and progressively to reduce the budget deficit.

If he is to stand any chance of achieving all these objectives at once he has to cut public spending in areas other than defence severely. The temptation for him, and for Congress, is to suppose that it would be all right to curb spending by rather less than would be necessary to pay for the tax cuts in the belief that the extra money in the pockets of the people would stimulate the economy, and thereby generate extra tax revenue, that the budget could be balanced more easily in subsequent years. But that would not be all right. It is an illusion to imagine that lower taxes would stimulate economic activity as suddenly and as sharply as that. If they were not balanced by spending cuts they would be much more likely to stimulate inflation.

An increase in the budget deficit would also undermine the exchange rate of the dollar, which has been rising since the expectation of just such a package as Mr Reagan is now proposing. International trade no longer depends upon the dollar to the extent that it did, but a fall in the value of the dollar would nonetheless be a disturbing factor at a time when international confidence and stability are uncertain.

In broad strategic terms, therefore, Mr Reagan is right to be

taking a tough line. But his approach may still be questioned on two scores. The first is whether his proposals may be so discomfiting that they will not be implemented. Attitudes are, it is true, very different in this Congress from the last one. Democrats as well as Republicans have drawn their conclusions from last November's elections in which there was a pronounced swing to the right in Congressional contests as well as in the race for the White House.

So there will be a tendency towards fiscal conservatism in both parties in Congress. The Budget Committee of the House of Representatives, who were in London last week, made it clear that Democrats and Republicans alike had absorbed one principal lesson from Britain's Thatcher experiment: that it was essential to make whatever spending cuts were necessary right at the beginning of an administration's term of office. Certainly Mrs Thatcher's experience has shown that it is no easier to make them in the second year.

There should therefore be a lively awareness in Capitol Hill as well as in the White House of the danger of whittling away the President's proposed economies one by one, while leaving the level of tax cuts unaltered. The Congressional process for handling public expenditure—which is far superior to that of the House of Commons—should also reduce this danger as it enables decisions on revenue and spending to be taken together. So there is less excuse in Washington than there is in Westminster for ignoring the implications for taxation of changes in expenditure.

Yet the public pressures are bound to be great—especially on members of the House of Representatives, all of whom come up for reelection every two years—to restore some of the cuts proposed by the President. Many of the changes he wants would be very painful. He is hoping to cut areas of social spending that have been left virtually untouched by Mrs Thatcher. This raises the second question mark over Mr Reagan's approach. In his attempt to secure sufficient scope for cutting taxes as well as spending more on defence, without increasing the budget deficit, is he being excessively tough?

There is sufficient evidence of an anecdotal nature to suggest that economies can be made in a number of social programmes without creating additional hardship. But Mr Reagan's proposals go well beyond the elimination of waste. They are bound to affect the standard of living of many of those most in need, and the social consequences could be especially damaging in inner-city areas, where there is much unemployment—and much of it among young blacks. The mixture of unemployment, increasing poverty and racial resentment could be explosive.

To say this is not to suggest that President Reagan is wrong to seek major spending cuts. They are essential to his economic strategy and he is right to make them immediately. But Congress would be justified in questioning whether it is either necessary or wise to make such large reductions in taxation at the same time. This is what requires the cuts in expenditure to be so massive in some critical areas as to disturb some of those who support the President in his general strategy.

## THE POPE TURNS TO ASIA

Stopping briefly at Karachi, as he begins his Asian tour, Pope John Paul referred to the growth of mutual respect between Christians and Muslims. It is a sentiment he may have occasion to repeat during his stay in the Philippines. The Roman Catholic Church there is the main source of effective opposition to the evils, graft and oppression of the regime of President Marcos and his wife. Christians have made common cause with a Muslim minority in defence against repression. The Roman Catholic hierarchy in the Philippines is careful to emphasize that it is a pastoral visit by the Pope at the invitation of the church authorities. President Marcos, who has electoral considerations in his mind, will aim to bask in the popularity of the visit. How far he succeeds partly depends on the pointedness with which the Pope dilates on abuses of human rights and conditions of poverty, both endemic to the Philippines and both misfortunes mankind to which the Pope has paid fervent attention.

In Japan, the second of the Asian countries included in his tour, the expectation is that the Pope will expound on his preoccupation of his visit, the dangers implicit in the arms race. He will speak Hiroshima and Nagasaki. One of the first Christian churches flourished in Japan in the wake of the original Jesuit mission in the mid-sixteenth century. It was still at Nagasaki, and within its walls, that the scene of massacre of Christians. It has now acquired a more terrible

and universal symbolism to heighten the message and the warning that the Pope will deliver.

Asia, the most populous part of the world, is the part least penetrated by the missionary activity of Christianity. The Philippine islands are predominantly Roman Catholic as a consequence of the thoroughgoing colonial job done on them by the Spanish. Elsewhere in Asia the cause of Christianity hardly prospered because the European colonial thrust was weak or temporary, or because the missionaries encountered ancient and developed cultures with their associated religions. These were less susceptible than African or American Indian cultures to the technical proficiency of European missionaries and the religious faith they propagated. The world has now shrunk and religious exclusivity is out of fashion. The Pope arrives in these lost mission grounds not to proselytize but to speak broad truths in the name of all humanity and in the spirit of Wisdom.

The personality of Pope John Paul in conjunction with the grandeur of the claims inherent in his office are enough to gather multitudes from these parts, progress through the countries of the world. At Karachi there was a reminder of the personal dangers the Pope runs. The messages he brings are not always popular with his audience, whether the representatives of tyrannical regimes, or priests who have evolved a theology of liberation to the point of endorsing

violence, or ecumenists who dilute the rigour of the moral positions he reiterates. The immediate impact of the Pope's presence is strong, its lasting impact less easily discerned. Meanwhile—and this is the eleventh major tour of his reign—there is some criticism that he neglects to mind the shop at Rome.

The Roman Catholic Church was, and still is, in many of its forms, an ecclesiastical monarchy in which all authority radiates from the papal throne along the channels of hierarchy and clergy, and mediated by the most august bureaucracy of them all, the Roman Curia. The Second Vatican Council gave emphasis to another strand in the church's traditions. *Lumen Gentium*, the council's dogmatic constitution on the church, transferred much of the weight to the local or national churches, guided by their own bishops and held in unity through communion with Rome. In secular terms the structure is less of delegation, more of federation.

This alternative structure has made little progress in respect of how the church operates, though it has made much progress in respect of how it is conceived by its own members. The present Pope shows little enthusiasm for it, as the experience of the synod of bishops last autumn testifies. He has not yet given the church the reforming attention its structures require. His magnificent peregrinations almost seem to be a substitute for it.

### change of name

From Professor Philippe Devillers  
As a nineteenth-century scholar, for at least 11 centuries, the Khmers have called their country "Kambuja", or, in other words, "Kampuchea". It is the word that Westerners heard when arriving there, in the sixteenth century, and that they tried to reproduce in their own language: "Portuguese" "Cambogia", in English "Cambodia", in French "Cambodge", and, later, in German "Kambodscha". The Khmer and Western names existed, peacefully, until quite recently. In 1945-46 the main newspaper in Phnom Penh had a French title "Cambodge" and a Khmer title "Kampuchea". In 1966, however, gave his glossy monthly the title "Kambuja", but in 70 he formed his government in King as "Gouvernement Royal du Cambodge". RUNC. However, at the same time, Khieu Samphan and Pol Pot were "FUNK", i.e. "Front d'union nationale du Kampuchea". Henceforth, Pol Pot insisted throughout the world that his country should be designated by everyone with the name only, i.e. "Kampuchea", even more specifically, "Democratic Kampuchea", in contrast to the "reactionary" one.

It is not surprising to see how the British press (but not the American one) has surrendered to Pol Pot's (and, later, to that of the Khmer Rouge) order and now calls the country "changed" its name in the seventies. Actually it is not, and the use of the word "Kampuchea" in the Western press is seemingly a product either of sheer ignorance or of some form of nobility.

Are we prepared to say "People's Republic of Poland" for Poland, to call Hungary "Magyarország", Korea "Chosen", India "Bharat", the Soviet Union "Sovietkii Sojuz", etc? And, in our ignorance, would we go as far as to call the English "Anglii", the French "Français", the Germans "Deutschlandians", the Finns "Suomians" and the Egyptians "Misrables", exactly as you write now "Kampuchea"? It is not better to keep using plain English and to continue simply saying "Cambodia" and "Cambodians".

Yours sincerely,

PHILIPPE DEVILLERS,

Professor, Southeast Asian Studies, Fondation Nationale des Sciences Politiques,

27 rue Saint-Guillaume, Paris.

Mr Paisley's declaration

From Dr H. Montgomery Hyde  
Sir, As the official biographer of the late Lord Carson and a former Ulster Unionist MP who sat for the Ulster Belfast constituency which Lord Carson represented at Westminster, may I point out a serious constitutional inaccuracy in the Reverend Ian Paisley's "Declaration" (February 10)?

The Declaration, of which Mr Paisley is the first signatory, is admittedly modelled on the Solemn League and Covenant, although unlike that document it is both inaccurate and clichéd. For instance, it refers to the "material welfare of Ulster" as being allegedly "threatened by a conspiracy hatched at the Hagia Sophia, Constantinople (sic)" as the object of establishing "an ongoing process of all-Ireland integration". It also refers to the other signatories as "men of Ulster, loyal subjects of Her Gracious Majesty Queen Elizabeth II". For some reason there is no mention of women, despite the fact that more women than men signed the 1912 Covenant.

The term Ulster, as distinct from Northern Ireland, is of purely topographical significance. One of the original four provinces of Ireland, Ulster consists of nine counties, of which only six are incorporated in Northern Ireland, as Mr Paisley should know, the remaining three—Donegal, Monaghan and Cavan—forming part of the Republic of Ireland. It is therefore quite wrong to allude to Ulster in the terms that Mr Paisley uses.

Mr Paisley states that he is following what he calls the Carson trail, and he proposes that the title of "loyalist" rallies which he has planned should terminate beside Lord Carson's statue in the grounds of Stormont Castle. In this he is doing Lord Carson's name a grave disservice. He would do better to heed the advice which Lord Carson gave his Unionist followers when the first Government of Northern Ireland was created in 1921.

From the outset, let us see that the Catholic minority have nothing to fear from the Protestant majority. Let us take care to win all that is best among those who have been opposed to us in the past. Whilst maintaining intact our own religion let us give the same rights to the religion of our neighbours.

Unfortunately that is something that the bigoted Paisleyites have never been able to bring themselves to do.

Lord Carson's surviving son, the Hon Edward Carson, has read this letter and he wholeheartedly agrees with it.

Yours faithfully,

H. MONTGOMERY HYDE,

Westwell House, Tenterden, Kent.

Smoke and smother

From Mr John Daniell  
Sir, I am sure that the Las Vegas fire fire report, February 12, should not be gas masks be readily available in such locations as multi-storey hotels, theatres, etc?

Yours faithfully,

JOHN DANIELL,

7 Bear Lane, Henley-in-Arden, Solihull, West Midlands.

## SAS conduct in embassy siege

From the Attorney General  
Sir, Mr Bruce Harris (February 16) expresses concern about the conduct of the SAS (Special Air Service Regiment) at the end of the Iranian Embassy siege but he has his facts wrong. May I deal with some of the serious mistakes he made?

He said that it is curious that no members of the SAS team gave evidence at the inquest although he refers to your reports of February 4 and 5, the earlier of which clearly describes how two members of the SAS appeared in civilian dress when they gave evidence.

He is puzzled about the comments of prosecuting counsel at the end of the trial of the surviving terrorist when your report makes it clear that the defendant's change of plea had come before the prosecution had called all its witnesses. Clearly counsel was seeking to correct the impression, which others may share with Mr Harris, that the witnesses who had given evidence had said that there was to be said about the events of that day.

Mr Harris says that the statement by a soldier that a terrorist "made some movement with his hand which I considered a direct threat" is vague in the extreme. In your report of his evidence the soldier, in fact, said: "His hand was a bit out and antiquated and he made some movement of his hand."

I regret that Mr Harris gives the impression of being so selective in his choice of facts.

Your Parliamentary report (February 9) bore the headline, "Embassy rescue: SAS not given immunity and therefore reports made as saying 'The evidence was reviewed by the DPP and by me. There was no evidence upon which proceedings in relation to the deaths of these terrorists could be justified'. I can assure Mr Harris that the Director and myself in considering the evidence against the SAS applied the same criteria which we apply generally and that there was no question of special rules for the SAS."

Finally, since Mr Harris says that I failed to give a categorical answer to the parliamentary question, I can assure him that neither the Home Secretary nor I approved "any immunity from prosecution or any order for summary execution" in this attack on the terrorists holding the hostages in the embassy.

Yours faithfully,

MICHAEL HAYES,

Royal Courts of Justice, WC2, February 16.

Family matters

From Dr Margaret White

Sir, Lady Granchester (February 9) asks what sort of counselling young girls receive before they are sent to the continent and to the Continent. Oxford Dictionary defines counsel as "advice, recommendation, and counsellor as 'adviser'". This definition bears no relationship to counselling as practised today.

I attended a government-funded course on the subject and discovered that counselling means helping the "client" to decide what she wants, and when she has done so, to provide it for her. I was told that it is wrong to give her information she needs to know to help her make her mind, unless she specifically asks.

Thus it is quite wrong to tell a girl of 13 the medical and psychological risks of premature sexual intercourse.

It is also considered wrong to give any warning to the child of the possible dangers of the pill, even though many doctors consider it should never be given to children because of the additional side effects on the young of the contraceptive steroids. Many counsellors insist that to tell a "client" that she must have a course with a girl under 16 is illegal would be moralizing, and therefore quite wrong.

Nor long ago a family planning nurse interviewed on television said: "I've seen a 12-year-old girl put on the pill in 10 minutes. I don't sincerely hope that such a case was exceptional—but I doubt it."

Yours truly,

MARGARET WHITE,

22, Upfield, Croydon,

February 11.

Specializing on skis

From Mr J. Dyson Taylor

Sir, In Sportsview (February 7) John Hennessy, discussing ski-racing, does not mention the fact that the skier who wishes to excel in all three Alpine events, as those glorious skiers (to mention only three) Sailer, Killy and Schramm managed to do in the past.

Imagine trying to give a Metro down a bunny, an undulating, curving mountain road with gradients of one in three at an average speed of nearly 80 mph. What sort of suspension would you need to stay on your wheels? A skier's legs are his suspension for downhill racing; they need to be like two oaks, and for every fractional increase in speed they need a geometric increase in strength.

On the contrary, a slalom racer needs legs and torso with the flexibility of a ballet dancer. International ski races are expensive to organize and the promoters depend on the revenue from television and spectators, and if men's downhill races are slowed down the interest will decrease (see the comparative lack of interest in women's downhill races compared to men's).

But at this time asking male downhill racers to win both downhill and slalom is like trying to train a runner to win a gold medal in the 100 metres and also in the marathon.

The physical demands of the downhill slalom are sufficiently similar to slalom to excel in two of the Alpine disciplines, but the combination of downhill/slalom makes impossible physical demands.

Yours faithfully,

J. DYSON TAYLOR,

Hausatfield 7/8,

Kirbythorpe, East Yorkshire,

February 10.

## LETTERS TO THE EDITOR

### Soviet attitude on 'exporting revolution'

From Dr A. Shtroumas  
Sir, I should like to point out that Brian Thomas (February 6) was wrong when he tried to present the quotation from Stalin's interview with Roy Howard (published in *Pravda* on March 5, 1936) as a definitive statement on Soviet foreign policy. In fact, this quotation is rather an odd exception among Soviet official statements on their international goals almost all of which, after, indeed, renouncing the "export of revolution" as inadmissible, pledge full support of the USSR for the revolutionary movements and ventures in Western countries (two years later Stalin himself made, by the way, such a pledge in the party's magazine, *Boleshevik*, no 2, February, 1938).

Contrary to Mr Thomas, I would maintain that the definitive statement on Soviet foreign policy was made by Brezhnev in his report to the twenty-fifth Congress of the CPSU in February, 1976 (ie, in the heyday of détente, the essence of which was aptly summarized by a leading article in *Pravda* (May 1, 1976) in the following words: "The Soviet people are always ready to help all other peoples in their struggle for justice, freedom and social progress."

One could also regard as such a definitive statement the text of article 28, in chapter 4, of the new (1977) Soviet Constitution which, in contrast to what Mr Thomas has said, about "unambiguously declares that "the USSR's foreign policy is aimed at... strengthening the positions of world socialism, supporting the people's struggle for national liberation and social progress."

Indeed, President Reagan was absolutely right when he, at his first press conference on January 29, intimated that, at least in this respect, Soviet moves have always matched their actions.

Yours faithfully,

A. SHTRUMAS,

Escorial House,

Salisbury,

Salisbury,

February 9.

From Mr Avramil Rukhadze

Sir, General Haig's statement (January 29) that the Soviet Union is involved in "international terrorism" is in proof not only of his undisputed anti-Sovietism, but another step towards eroding the trust in the Soviet Union's relations.

Certainly, one cannot demand that the American State Secretary should be well versed in the questions of theory and practice of communism. But having at his disposal a whole crowd of competent and loyal Sovietologists, he should not only their daily bread with their "works" on communism and Soviet policy, Mr Haig could have easily got from any more or less conscientious of these "experts" an assurance that Marxist-Leninist Soviet communists are, have always repudiated theoretically and practically all varieties of terrorism in their strategy and tactics.

Karl Marx wrote "...terror is mostly useless brutality committed for their own feelings by people who themselves feel fear."

At the turn of the century Lenin sharply condemned the Lenin tactics which were adopted by the socialist-revolutionaries in Russia.

Lenin argued that assassinations of Tsars, grand dukes or high-ranking public are the same as those of modern composers generally. And we must remember that from an international point of view the last 200 years of American music—even so-called serious music—may seem more productive than the same period in British music.

Be it wrong to do this, Aaron Copland is not a third-rate composer and several of the others he mentions disparagingly are widely performed throughout the world. He is wrong in denigrating Samuel Barber, who died a month—he was an excellent songwriter and many of his other works remain in the repertory.

The difficulties the best modern American composers have in establishing themselves with the

ranking officials would not alter the political and social system in Russia... in practice the terrorism of the socialist-revolutionaries is nothing else than single combat, a method that has been wholly condemned by the experience of history.

Soon after socialist-revolutionaries killed a Tsarist minister, Lenin emphasised: "The very success of this terrorist act bears out all the more strikingly the experience of the entire history of the Russian revolutionary movement, which warns us against such methods of struggle and terrorism."

In February, 1908, in connection with the assassination of the King of Portugal, Lenin wrote that terrorism "essentially fails to achieve its purpose."

By rejecting terrorism, Marxist-Leninism has always succeeded from the principle that only through a revolution of the working people, through mass armed struggle, or with support on the part of the broad masses in the country can the ruling classes achieve a change in the political and social system in their favour.

As an authoritative statement says, the "Soviet Union has always been and remains a principled opponent of the theory and practice of terrorism, including in international relations, and that "terrorism is organically alien to the world outlook of the Soviet people and to the policy of the Soviet state" stands on firm historical and political grounds. This at least should have been known to the US Secretary of State.

Yours sincerely,

AVTANDIL RUKHADZE,

Novosibirsk Agency,

4 Zubovskiy Boulevard,

Moscow,

USSR,

February 9.

From Professor Leon Lipson

Sir, Neither President Reagan (speech, January 29) nor Brian Thomas (letter, February 6) has got quite right the tenor of Soviet leaders' statements about world revolution. Those have been stated for over 80 years in response to internal Soviet politics, international alliances and coalitions, and current tactics of propaganda for well and ill-wishers abroad.

For example, Mr Thomas quotes Stalin (1936) as saying "the export of revolution is nonsense". That statement, made for effect during the period of the United Front, has a history beyond what Mr Thomas traces.

In 1961 or 1962 Mr Suslov, the chief ideologist of the party, made a speech which, as reported in *Pravda*, did duly reprobate "the export of revolution and of counter-revolution". Yet when the speech was reprinted in *Kommunist* a few weeks later, the words "of revolution and of counter-revolution" had been deleted, probably from galley-proofs: the remaining words of the sentence were spaced far apart. The deletion may have been ordered by someone conscious of the centristly militant Chinese communists looking over his shoulder.

I suggest, Sir, that in Soviet intention words are not expressions, but moves.

Faithfully yours,

LEON LIPSON,

Endleigh Court,

Upper Woburn Place, WC1,

February 6.

### American music

From Professor Peter Dickinson

Sir, Bernard Levin (February 5) dismisses 200 years of American music as of no consequence, apart from the composers of musicals and popular songs.

He is wrong to do this. Aaron Copland is not a third-rate composer and several of the others he mentions disparagingly are widely performed throughout the world. He is wrong in denigrating Samuel Barber, who died a month—he was an excellent songwriter and many of his other works remain in the repertory.

The difficulties the best modern American composers have in establishing themselves with the

larger public are the same as those of modern composers generally. And we must remember that from an international point of view the last 200 years of American music—even so-called serious music—may seem more productive than the same period in British music.

Above all, the richness and variety of all types of American music—black and white, popular and serious—are a continually rewarding and fascinating phenomenon, fully worthy of the traditions of a great country.

Yours faithfully,

PETER DICKINSON,

Music Department,

University of Keele,

Keele,

Staffordshire.

### South Africa's Bushmen

From Dr Alison Jolly

Sir, Nicholas Ashford's article (February 9) on the battles of the Kalahari Bushmen who are fighting for South Africa does not mention one of the saddest ironies of the situation. The Kung Bushmen of the Kalahari were one of the few non-violent human cultures. They lived in peace with their neighbours simply by shifting camp to another waterhole. They did not fight each other in groups: bands of 20 to 85 people had traditional hunting and gathering territories, but non-allied bands were not considered enemies, just more distant kin.

Bushmen sometimes stole cattle from the racially and culturally different Bantu herdsmen, but for at least 20 years there was only one murder, and that was in a dispute over women, not cattle.

The South African who bring the Bushmen the benefits of our society are not just bringing beer, army boots, needlework and Christianity. They are teaching peaceful people how civilized Christians kill.

ALISON JOLLY,  
School of Cultural and Community Studies,  
University of Sussex,  
Brighton,  
Sussex,  
February 9.

### Safe and sound

From Mrs Judith Thompson

Sir, My reaction, when my son received a kidney donor card with his provisional licence, was rather different from Mr Cunliffe's (February 9).

The inclusion had on him a sobering effect, which I, despite many warnings, had been quite unable to produce, and I welcomed it. Yours faithfully,

JUDITH THOMPSON,

10 Hall Walk,

Welton, Brough,

East Yorkshire.

## Presentation of Cabinet policy

From the Chairman of the Conservative Party  
Sir, I have read your leader, "Not with one voice" (February 16) with interest and instruction. I make no complaint about it. I have been too long in politics to assume that the members of a Cabinet think the same thing about everything, still less that they say what they think in the same way. Nevertheless I am interested that you should have sought to draw the differences in interpretation and presentation of policy which you did between the Prime Minister on the one hand and Mr Pym and myself upon the other.

Your arguments were naturally ingenious but to anyone who actually heard the speech would have been unconvincing.

Margaret Thatcher held out to the Young Conservatives the vision of a world strongly defended, secure, free, responsible. Of course she has strong convictions. Thank heavens for it. Of course she acknowledged that the path from where we are to where we want to get to, is one with many obstacles upon it, and demands a degree of pragmatism along the way.

The ovation which she received from the Young Conservatives, many of them drawn from the hard-left areas of the industrial North, was more than the formality accorded to a party leader: it was from the heart. In what is still a very rough situation, in the middle of world recession, with industries still fighting their way back to a competitive condition, she showed the mixture of common sense, of courage, and of compassion which that audience, and indeed the country, now demands.

Conviction and pragmatism are not alternatives in politics, they are mutual necessities.

Yours,  
THORNECROFT,  
Conservative & Unionist Central Office,  
22 Smith Square,  
Westminster, SW1,  
February 16.

### Liberal welcome

From Mr Christopher Mayhew

Sir, Geoffrey Smith (February 13) overlooks one important element in the Liberal attitude to the social democrats. While welcoming their belated decision to defect, many of us find it hard to forget completely and at once, their miserable preceding record. For almost a decade they funded the amalgamated communist party, and the "new" strategy against policies we passionately supported.

However, they are now showing some







RICHTER  
and conduct

## Fashion

by  
Suzy Menkes

### Moving up among the heavyweights

It is a long hard-haul from the end of Wigan pier to the bright lights of the West End. The cardigan has taken longer to make it than many a seasoned trouper, but this spring it can rightly call itself a star.

I have seen the once-humble cardigan in every single designer collection—svelte in cashmere at Yves Saint Laurent, chunky in chenille at Hardy Amies. There are cardigans knitted in silk and plain wools embroidered with the most intricate gilded threads. There is now no fashionable occasion (Lanvin showed a lame cardigan over a ball dress) when a cardigan does not look right.

The most popular cardigans for this spring are the heavyweights

that have elbowed out the jacket. The vogue for padded shoulders did a good deal to help the metamorphosis of the cardigan from drooping understudy to star performer. The shaping at the shoulders gave fresh life to knitwear, even for women who prefer the flatness of tailoring. The double-breasted or wrap-around cardigan jacket are currently the most fashionable shapes, and they are frequently translated into fabric to make a cardigan jacket out of cloth.

I think that the cardigan looks much better as an integral part of an outfit than as an appendage, which is how it always used to be worn over a summer frock on the sea front. The most desirable cardigans are those sold as part of

a three piece suit, the colours and patterns of the wool cunningly printed on to a cloth skirt or matched absolutely to plain trousers or a lacy sweater. The snag is that this kind of integration is very expensive, so you have to forget the idea that the cardigan might make a cheap and cheerful substitute for a new spring jacket.

The alternative solution is to make a ruthless study of everything in your wardrobe and buy the one cardigan which will tone more or less with most of your existing separates. In practice, I think you will find that this means navy or cream. An Aran-style cardigan or thick rib (Marks & Spencer have an acrylic version in camel, navy and red at £11.99) makes an

elegant-jacket, if you wear it with this season's shorter skirts and a classy belt.

Because skirts are getting shorter, the cardigans are getting longer, at least covering your thighs and often growing down to three-quarter length. Worn with a pretty tie-necked blouse and a slim skirt, they really are smart enough to act as a light spring coat.

The first intimations of stardom for the cardigan came just 60 years ago when Coco Chanel set up her little shop in Deauville and used the inspiration of her Milord English lovers to touch English country casuals with French chic. I think that Madame Chanel would be well pleased to see her protégée celebrating its diamond jubilee.



Left: The stylish cardigan suit in cotton knit by Adrian Cartmell for Crocodile, Jacket £85, skirt £83, in white, taupe or turquoise, striped, sizes small, medium and large from Crocodile, Beauchamp Place, London SW3, The Piazza, Covent Garden, London WC2, Royal Exchange Shopping Centre, Manchester, Station Road, Solihull, West Midlands, and branches.

Above: Three piece shorts suit, jacket with contrast piping £59, matching top £41, bermudas £34.50, all pure wool in wine, cream or navy, from Arté, 12 South Molton Street, London W1 and 51 Brompton Road.

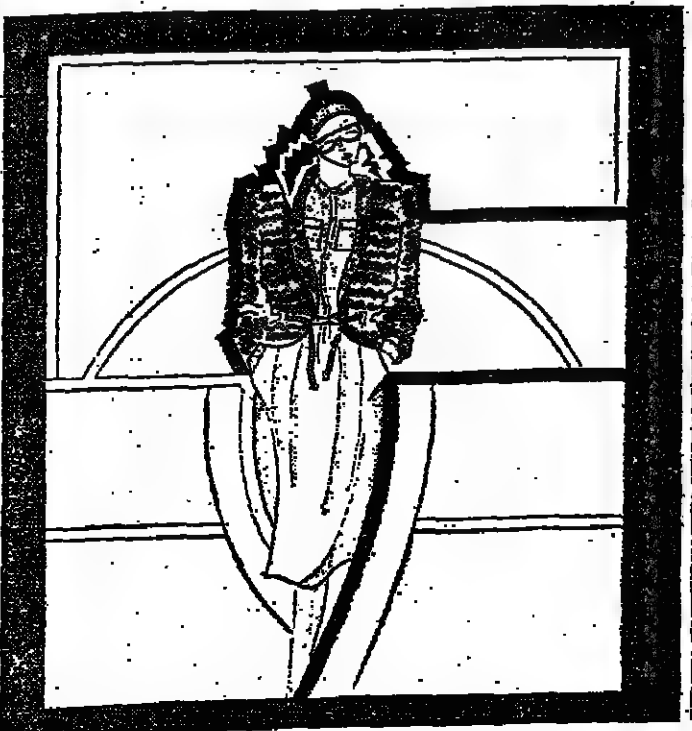
Above: Collarless double breasted, three quarter cardigan £28.40 in pure new wool in ten colours, matching cords £15.40 both from Benetton, 40 Hampstead High Street, 23 Brompton Road, London and Dublin and Cork branches. Checked shirt by Plume £15 from Crocodile, Hampstead, and branches. Shetland wool brightly striped sweater £19.50, (children's £14) from W. Bill, 93 New Bond Street and 28 Old Bond Street, London W1. Checked wool gloves £2.50, and Elbeo ribbed tights £4.50 all from Fenwicks of Bond Street, London W1. Leather moccasins, white, blue or red with contrast stitching £14.99 from main branches of Freeman Hardy Willis.

Make-up by Arianne for Models One. Hair by Lundy at Toni & Guy. Photograph by Jeany

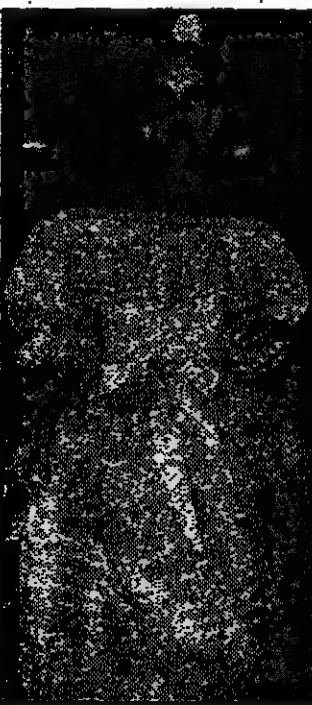


Above: The cardigan jacket in ribbed acrylic £19.95, in rust or black, pure wool skirt £29.95, in mint, peach, cream or navy and blouse £16.95, all by Reldan, sizes 10-16 from Barkers of Kensington, Frasers of Glasgow, Rackhams of Birmingham and Kendal Milne of Manchester.

Below: Cardigan outfit with knitted chenille jacket £130, in brown, pink, blue or grey, exactly toning cotton shirt £85 and silk mix skirt £75 all by Hardy Amies, 14 Savile Row, London W1. Drawings by Susan MacKinley.



### Snippets



Embroidered organza ball dress.



Crewel-embroidered jacket with pleated wool-crepe skirt.



Printed crepe de chine suit.

Whatever the merits of newsreader Jan Leeming's singing voice, you have to admire her style. At six months pregnant, she consistently appears on television looking neat, elegant and with none of those awful touches of white at the neck or frills across the bosom that are traditionally associated with mothers-to-be. The peacock blue Gina Fratini dress she wore on the Russell Harty show was another happy choice.

Now that so many more women are holding down serious jobs right through their pregnancies, there is a need for more formal clothes (and especially well-cut separates) suitable for an expanding figure. Maternity shops have gone a long way to meet the market needs. Even Mothercare are rethinking their pinafore dress and flowered smock image and putting some jollier clothes like dungarees in their stores (but not yet in the catalogue). Famous names still seem to gravitate towards suitable dresses from ordinary fashion ranges. (This is the principle behind that rather good maternity shop, Great Expectations in London's Fulham Road, who stock designers like Paul Horne).

Princess Michael of Kent swooped on a trapeze shaped wool crepe dress by David and Liz Emmamall and a floating Indian silk evening dress for her continuing round of engagements before her new baby arrives in April.



Spotted-net blouse with flocked organza skirt.

All from Belville Sassoon, 73 Pavilion Road, London SW1.

Photographs by Harry Kerr.

Perhaps the most surprising appearance was the smock worn by Laurence Lippman (pregnant not to real life but in her TV series Agony). That innocent looking dress comes from Vivienne Westwood's shop World's End, the birthplace of

Punk, bondage trousers and ripped T-shirts, now quite changed with a gentler fashion image. They were battling in Belgrave to get into the Belville Sassoon show last week. I was surprised to see such a quintessentially English audience abandon our tradition of queuing. But when I saw the ravishingly pretty clothes, so perfectly suited to the English woman's colouring, shape and social life, I realized that the show must be as much a part of the calendar as Ascot and Wimbledon.

The colour palette for summer comes straight out of a Gauguin painting, with absolutely none of this season's cruel khaki, but plenty of soft blues, sugar pinks and turquoise.

David Sassoon's silhouette is neatly tailored with some delicious Crewel-embroidered jackets worn with pleated skirts and silk blouses to wear the show. Equally tidy are the navy crepe sailor collared outfits as Edwardian children's outfits come of age.

Since English women seldom shine with chic in a little black dress, I absolutely approve of David Sassoon's frilled organza evening blouses, silk taffeta ball gowns, printed with a prior of bows and decorated with real bows, and hand-painted chiffon crinolines.

For less formal occasions, the prints and colours are equally pretty, but made up into simple crepe de chine separates—like a slim silky coat over a soft skirt.

### SPRING CELEBRATION!



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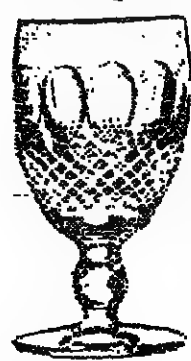
This year, Simpson and their leading suppliers have designed and produced a range of quality Spring merchandise at advantageous prices. What's more, until the 28th February we'll give a bottle of Bollinger Champagne to everyone who spends £200 or more in the store in one day—so there's even more reason to celebrate!

Shown here: His DAKS two-piece suit £99.00, poly/cotton shirt £9.50, silk tie £3.95; Her DAKS blazer £89.00, DAKS skirt £45.00, DAKS shirt £22.00. Other super value items include: for men, DAKS two-piece suits £119.00, cotton shirts £16.50 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00, Barkers shoes £29.00, wrap housecoats £26.00, and Chamos tights £1.45 for 2 pairs.



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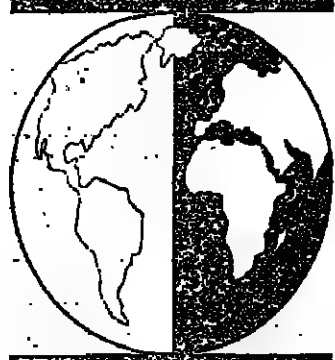
**\$ Forward bargains are permitted on two previous days.**

[illegible]









## Saudis near agreement on IMF loan

The International Monetary Fund and Saudi Arabia appear close to an agreement under which the latter would lend the fund billions of dollars to help it to meet increasing pressure from member countries for loans, according to monetary sources in Washington.

Under the Saudi Arabia would lend the equivalent of between \$3,700m and \$5,000m (between £1,608m and £2,174m) annually of surplus oil revenues over the next three years.

**Anti-dumping duty**  
An anti-dumping duty of 4 per cent has been imposed by the European Commission on imports from the United States of styrene monomer, a raw material used in the manufacture of plastics. American sales into Europe, helped by artificially low energy and feedstocks costs, rose 31 per cent between 1978 and the first half of last year.

**Controls relaxed**  
Mr Owen Horwood, South African finance minister, has announced minor relaxations of foreign exchange control procedures. Travel allowances to other countries will be raised to £400 a year (about £1,900) and to £750 for business travel.

**Qantas losses**  
Qantas, Australia's international airline is losing A\$3m (£1.5m) a day because of strikes which have stranded thousands of passengers. A spokesman said all but one of the airline's 22 aircraft are grounded.

**Hungarian loan**  
The National Bank of Hungary is raising \$150m (£65m) through a consortium led by Kuwait Foreign Trading, Contracting and Investment Company (KFVIC) and Arab Banking Corporation.

**£130m Colombian deal**  
An Italian consortium including GIE and Impregilo, the Fiat subsidiary, has won a \$130m (£58m) contract to build a hydroelectric plant at Betania on the Magdalena river in Colombia.

Cambridge unit to develop new technology for share of licence fees

## Commercial consultancy will help inventors

A new channel for commercial exploitation of inventions and new technology has been opened by Cambridge Consultants, the Arthur D. Little subsidiary in Cambridge Science Park. Cambridge Enterprises, an independent unit within the consultancy, will work for clients in return for a share in licence fees and royalties.

The new unit, headed by Dr Robert Hook, will invest in development leading to prototypes and will meet other expenses at its own risk. But it will apply stringent criteria in its choice of inventions, accepting only those which, for example, will fulfil a sizeable market need, can be protected by patents or otherwise, and are demonstrable with a limited amount of development.

The company will require exclusive management rights, but will forgo them if agreed results have not been achieved within a specified period. Inventors will normally share revenues equally with the company.

Cambridge Consultants has already launched a number of products from its own research and development and this work is expected to continue.

An instrument that uses two laser beams to measure air pollutants over wide areas and in three dimensions has been developed for the Electric Power Research Institute in the United States by SRI International (formerly Stanford Research Institute).

The device, which is mounted to a trailer, is known as a differential absorption lidar, or Dial. Lidar (light direction and ranging) works in a manner similar to radar in that it directs a laser beam at a target and measures the time it takes to return. Beams of ultraviolet laser light are

## Technology News

swept across a plume of emissions from a chimney stack and the concentrations of gases present are measured. The instrument can be used to survey an area as far as two miles from the emission source to determine where pollutants descend to earth.

Gases such as sulphur and nitrogen dioxide are given off when fossil fuels are burned to generate electricity. Limits have been set on such emissions, but it has been difficult to follow their dispersion after leaving the stacks.

The Dial system has been tested at Commonwealth Edison's Kincaid generating station near Springfield, Illinois, and it is now likely to be leased by other electric installations.

Dr Glenn Hilt, of the research institute, says that the new instrument collects in one hour data equal to that gathered by 1,000 ground-based air-sampling stations.

The institute, based in Palo Alto, California, is a non-profit research organisation funded by more than 630 electric utility companies in the United States. SRI International is based in Menlo Park, near Palo Alto.

BMW, the German motor group and a leader in the application of micro-processors for cars, has devised a system which it claims will tell drivers when their vehicles need servicing.

The system was developed by BMW engineers at the company's headquarters at Munich to cut out unnecessary servicing

and to reduce motorists' costs. It is based on the assumption that because everybody drives a car in a different manner, mileage alone is a poor indicator of when to visit the garage.

A microelectronic monitor provides instant information about the state of the car's engine by recording the engine speeds that have been achieved, the mileage, the engine oil temperature, and the time since the last service.

Dr Wolfgang Peter Fohr of BMW's customer service department said: "Just consider stop-and-go traffic in congested cities, of the many times you start your car with the engine still cold, especially in winter, of the numerous warming-up phases with the engine running at high speeds."

Compared with such running conditions, long distance motoring with the engine at a constant temperature and engine speeds in the upper 'rev' range is quite a different matter."

The date for the introduction of the system as a standard feature has not been decided, but future BMW owners will find on the dashboard a panel of five green, one yellow and three red lights.

When the ignition is switched on, one or more of the green lights will come on to indicate the period up to the next service. When the engine fires, the green lamps go off and if the sensors detect that a service is needed, the yellow light will be switched on.

The red lights will come on only if the service interval has been exceeded. At the garage, a mechanic can cancel the lights and reset the system.

Kenneth Owen and Edward Townsend

## LETTERS TO THE EDITOR

### Finance for UK steel

From Mr Michael Grylls, MP for North West Surrey (Conservative)

Sir, Last week's holding statement on the British Steel Corporation finances, by the Minister of State Norman Tebbit, showed that the Government recognized the almost inevitable damage which could have been done to the existence of the up to now profitable private sector of the industry, through giving a blank cheque to BSC.

It would be a political paradox and industrial disaster if a Tory Government, accepting the "slings and arrows" of adherence to market disciplines, with inevitable loss in popularity, should at the same time become the instrument of bringing about by proxy a totally nationalized United Kingdom steel industry.

Up to BSC's disastrous strike in 1980, the nationalized corporation had lost £1,528m, while independents in the overlap area have made profits of more than £700m in the same period.

Both sectors are now faced with a disastrous recession in demand; some retrenchment capacity is now inevitable, without reference to ideological divisions. Mr Ian MacGregor has shown he sympathizes with the plight of the independents by agreeing to talks.

However, it would be fool-

hardy to leave this retrenchment solely in the hands of a bankrupt Corporation, only kept alive by colossal transfusions of taxpayers' money, at the expense of those independents who would have been the sole survivors if the pure market discipline had been applied.

The main task of BSC must be to manage the integrated strip mills and heavy plate and section mills, which are its monopoly in the United Kingdom and constitute three-quarters of its business.

In financing this, the Government must ensure, by Directions under the Iron and Steel Acts, and by positive intervention under the Industry Act, or administratively, that the BSC rescue operation is not done at the expense of independent producers in the overlap area.

If contraction or merger is required the Secretary of State has the power and the responsibility to ensure the national interest and the maximum support for private enterprise.

Let ministers insist on the establishment of Phoenix in the merger of Cardale and BSC Scunthorpe, before handing over the cash.

MICHAEL GRYLLS, Chairman, Conservative Industry Committee, House of Commons, London, SW1A 0AA.

### Too high a price for 'flat fare' buses

From Mr Arthur Super  
Sir, London Transport has announced its intention to introduce a 25p "flat fare" on more than 250 suburban bus routes at the beginning of April. This will mean the disappearance of the present minimum fare of 12p, which will beyond any doubt cause hardship to many people.

I was astonished to read the London Transport intended to bring in the 25p fare even though it expects that up to 4 per cent of the passengers now using the 12p fare will stop using buses.

For years and years short distance passengers have been a substantial part of bus (and tube) travellers. It is not the height of madness to fix a "flat fare" at a level that will drive away a large part of the people on whom London Transport must depend for its revenue.

The advantages of "flat fare" travel will be bought at too high a price.

Yours faithfully,  
A. SUPER,  
49 Clapton Common,  
London E5 9AA.  
February 2.

### Slump in textiles industry

By John Huxley  
Employment in the cotton and allied textile industries declined by almost a third and output by about a quarter during 1980.

At the same time production of man-made fibres fell by almost 25 per cent to its lowest level since 1957. Deliveries to the domestic market were down by almost 30 per cent, largely because of increased imports from the United States, according to the British Man-made Fibres Federation.

Publication of the figures yesterday coincided with a lobby of MPs by several thousand workers in the clothing, textiles and footwear industries.

Before the lobby, which was organized by the Trades Union Council, clothing union leaders said that unless there was an improvement in the industry's fortunes about 100,000 jobs could be lost in 1981.

According to the Textile Statistics Bureau in Manchester employment in the cotton and allied textile industry fell by more than 19,500 to 63,530 in 1980.

Production of man-made fibres in 1980 was only 449,730 tonnes.

### £32.5m Welsh plant will bring 3,000 jobs

Directors of the Canadian-based Mitel Corporation yesterday announced details of a £32.5m investment in a new European headquarters in South Wales.

The plant, at Caldicot, Gwent, will provide 1,700 jobs by the end of 1984 and many as 3,000 jobs by 1990, considerably more than the expansion plan announced earlier this month.

The company will build a 265,000 sq ft factory on an 18-acre site purchased from the Welsh Development Agency.

A large number of employees will be former steelworkers. The company has applied for a £16m loan from the European Coal and Steel Community, and the British Steel Corporation is to help with re-training.

The Government will also provide a regional development grant. Mr Terry Matthews, Mitel's executive vice-president, said the plant would be a design centre for integrated circuits as well as a manufacturing centre for PABX telephone switchboards. The company hopes to produce up to 30,000 units a year at the plant, with more than 60 per cent going for export.

Details are being finalised on a contract to supply British Telecom with two models.

On the choice of location, Mr Matthews said: "We were primarily interested in the availability of a skilled workforce, good communications and land for expansion for the future."

"But a large part of our choice was the warm welcome we received from Gwent County Council and the considerable amount of help we had from the Welsh Office. Negotiations which in other countries have taken a long time were speeded through in a matter of months."

The company, which was founded in Ontario in 1973 by Mr Matthews, who is Welsh, and Dr Michael Cowpland, another British engineer, has doubled its sales every year since its inception.

"There can be few companies with such a record for constantly achieving its sales targets. It is almost becoming a bore," Mr Matthews said. But he predicted that the rapid growth would continue. The company is now the world's largest manufacturer by volume of PABX units.

They would have powers and duties similar to the policy councils advocated five years ago in a report to the National Economic Development Office.

They would be charged with agreeing corporate objectives and the strategies required to achieve them, and establishing performance criteria appropriate to the individual industry, endorsing corporate plans and monitoring performance.

### State holding companies advocated

By Peter Hill  
Industrial Editor

Sir Leslie Murphy, the former chairman of the National Enterprise Board, believes that the nationalized industries should be reconstituted as Companies Act concerns whose shares are held by four new holding companies.

Sir Leslie, who resigned from the NEB over the Government's decision to take over direct responsibility for Rolls-Royce, said in a lecture to the Institute of Administrative Management last night that holding companies should be established to cover the state owned energy, transport, communications and industrial industries.

They would have powers and duties similar to the policy councils advocated five years ago in a report to the National Economic Development Office.

They would be charged with agreeing corporate objectives and the strategies required to achieve them, and establishing performance criteria appropriate to the individual industry, endorsing corporate plans and monitoring performance.

However, it would be fool-

### Cutting import costs

From Mr A. D. P. Edwards  
Sir, The article written by Patricia Tisdall (January 26) headed "How Your Buyings Department Could Save You a Fortune" raises the vital issue of reducing manufacturing import costs and claims that the British Institute of Management's recent report on this issue demonstrates how a 2 per cent reduction in the cost of purchases can yield a 10 per cent addition to profit.

The report, however, makes no mention of the saving that could be achieved by British importers if only they paid greater attention to the appropriate use of currencies when placing orders on overseas suppliers.

The vast bulk of imports into this country are invariably paid for in foreign currencies, which means that the United Kingdom importer must either "take a view" on the future trend of the exchange rate, which is rather akin to running a casino, or he must buy the appropriate currency forward. As most currencies in which we pay for our imports have been at a premium for the last 30 years it means that our importers have been paying over the odds simply for the privilege of paying their suppliers in their own currencies.

For example, a recent purchase of capital equipment from Germany payable in Deutschmarks over three years entailed the importer paying an additional sum by way of premium of no less than £300,000 purely for the privilege of paying his supplier in his own currency. This situation, at a time when we are all living in a buyer's market, must make a nonsense and in this particular instance entailed the importer in an additional cost of 14 per cent on the face value of his order.

In the case illustrated above as well as other imports from countries whose currencies are at a premium, the importer should insist on a firm sterling price calculated as near to the spot rate as he can negotiate.

It is estimated that, as a nation, our importers on average must be incurring an additional cost of between 5 per cent and 10 per cent on the vast majority of our imports and if the BIM report is anything to go by, a reduction in this figure would have an enormous effect on the profitability and competitiveness of British industry.

Yours faithfully,  
A. D. P. EDWARDS,  
302, Seelock House,  
Barbican,  
London, EC2Y 8BX.

### Authentic tartan

From Dr A. W. F. Erskine  
Sir, I note with interest the caption beneath the photograph in the business section of The Times of February 3: "No all tartans are as authentic as this Erskine".

I wonder how authentic I am; I had always been given to understand that unlike that of all lowland families had been devised in the reign of George IV by a Pole in Edinburgh. The authentic tartan were those worn by the highland clans proscribed after the Jacobite rebellion of 1746.

The grandfathers of the lowlanders who came out of this picturesque fancy dress would have turned in the graves at this adoption of such savage highland customs.

Being no kill-joy, however, may say that I have my present kilts—Erskine—nearly 50 years on appropriate occasions.

Yours faithfully,  
A. W. F. ERSKINE,  
130 Walm Lane,  
London NW2 4HT.  
February 5.

## NatWest now in Sweden

National Westminster Bank is pleased to announce the opening of its new Representative Office at Arsenalsgatan 8B, Stockholm to support trade and investment between the United Kingdom and Sweden and to extend NatWest services to the Bank's customers in Sweden.

### In Sweden contact:

Mr John M Lamb, Senior Manager & Representative  
National Westminster Bank Limited  
Representative Office in Scandinavia  
Arsenalsgatan 8B, S 111 47 STOCKHOLM  
Telephone STOCKHOLM 14 33 95  
Telex 15050 NWBSWE S  
Telegraphic Address NATWESBAN STOCKHOLM

### In London contact:

Senior International Executive for Eastern Europe & Scandinavia  
International Banking Division  
National Westminster Tower  
25 Old Broad Street  
London EC2N 1HQ  
Telephone 01-920 5512 Telex 885361 NWB LDN G

**National Westminster Bank Limited**  
'A Worldwide Bank'

**S&W Berisford**  
An international group of companies principally involved in the merchandising, processing and distribution of the raw materials.

## Strength in diversity

In his annual statement to shareholders, Mr E. S. Margulies, Chairman, reports that, despite a most difficult year and continuing high interest rates, turnover and profits reached new record levels.

A total dividend for the year of 9.75p net per share is recommended—an increase of 30% on last year's payment—together with a 1-for-2 scrip issue.

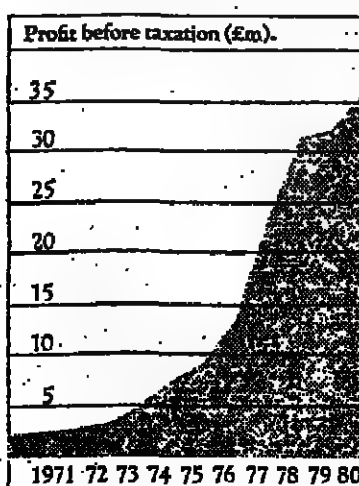
Shareholders' Funds now amount to £165 million—an increase of £44 million, whilst borrowings at the year end have been substantially reduced compared with the previous year.

Referring to the bid for British Sugar Corporation, which is currently being considered by the Monopolies and Mergers Commission, Mr Margulies says: "We remain convinced that there is no aspect of the proposed acquisition which could either detract from the degree of competition which already exists in the sugar market or which could in

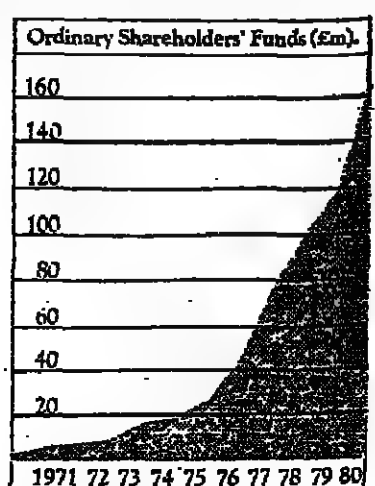
any way be found to be against the public interest. We further remain convinced that a merger between the two companies would serve the best interests of our shareholders, the shareholders in the Corporation, the farmers, the employees of both companies and H.M. Government which would have the opportunity to divest itself of an investment in the private sector."

The Chairman concludes his statement: "It has been a most difficult year for all of us but our results, of which we are justly proud, prove the continuing strength which lies in diversity, and the further strength which lies in our inherent liquidity."

It seems probable that the present world-wide recession will be with us for some time. Nevertheless, we are as determined as ever that our growth will continue and that our shareholders will continue to receive as generous a return on their investment as they have received hitherto."



SUMMARY OF RESULTS			
Year ended 30th September	1980	1979	
	£ million	£ million	
Turnover	2,452.54	2,170.17	
Profit before taxation	36.12	32.23	
Ordinary Shareholders' earnings	27.05	25.55	
Ordinary Dividend	10.15	6.69	
Shareholders' Funds	163.28	119.54	
Earnings per share	28.03p	27.66p	
Dividend per share (net)	9.75p	7.50p	
Dividend times covered	2.66	3.78	



Copies of the Annual Report, containing the Chairman's Statement in full, may be obtained from The Secretary, S & W Berisford Limited, Berisford House, 50 Mark Lane, London EC3R 7QJ.

The Annual General Meeting will be held at the Tower Hotel, St. Katharine's Way, London E1 at 12 noon on Monday, 9th March 1981.



BY THE FINANCIAL EDITOR

## Bae proves the small investor is still alive

Anyone and everyone connected with the British Aerospace launch were patting themselves on the back yesterday over its encouraging reception.

In contrast, the stockmarket was taking a more prosaic view that the 34 times over subscription was not as great as expected, although it is quite likely that a number of institutions had pulled in their bidding horns because of the medium-term profit worries implicit in the prospectus.

The overriding impression is that the publicity machine put into top gear for this crucial Government privatization step has ticked in many more small investors, public or otherwise, than a run-of-the-mill offer for sale.

Excluding employees, the 155,000 applications is a very high figure compared with the 36,000 applications for the 88 times over subscribed Eurotherm issue two years ago. While it is always hard to generalize out the source of share applications—situations do not always apply in their own times and wealthy individuals often use a mince—the sheer weight of small investor interest has allowed this to be satisfied in 31. Best guesses yesterday were that roughly 80 per cent of the 100m shares on offer will end up in small shareholders' hands.

Leinworth Benson, the issuing house, maintained yesterday that in arriving at the basis allocation while satisfying the Government's wish to favour small shareholders it is taken full regard of institutional demand as well and if it is right there is unlikely to be much pent-up demand from institutions frustrated by the basis of allocation.

Yet that 80/20 split hardly corresponds to the normal pattern of equity shareholdings. Even though there is a ready institutional appetite for a much better than average engineering share like Bae, the degree of private stalling in this issue suggests there would be a steady bid especially if the stockmarket has as poor a run-up to the budget as it did yesterday.

The institutions will then not be willing to chase the price too high and the expected 1 per cent premium when dealings start on Friday may not last all that long.

### AURORA

#### Operational

Share movements tell their own story as the steady fall of the shares of Aurora Holdings, private steel maker and engineer, shows. Over 18 months the shares have fallen from 2p to only 26p now; the stock market feels at after a maintained interim dividend, the fall is in some doubt, yet the balance sheet stronger than it might appear at first glance.

Yesterday Aurora announced the successful raising of nearly £1.3m of new money at favourable rates from the Department of Industry and the European Steel and Coal Community. These loans which were first requested in 1979, will be used to rationalize group's steel activities, which, after the acquisition of Samuel Osborne and Edgar, are now to be concentrated in two areas instead of seven.

But steel only accounts for some 15 per cent of the group's business. The rest is a mix of engineering companies, most of which have followed the engineering trends Britain and have been under recessionary pressure. But the two companies in New Zealand and Australia are highly profitable. Although profits will inevitably be substantially down on the £3.8m, however, Aurora may survive the present recession better than some which are in the same predicament.

Over the past year it has taken action to improve its finances. It has sold properties of various assets in an attempt to reduce uncomfortable borrowings. In last year's balance sheet, borrowings were 107 per cent of shareholders' funds, thanks to the action taken—even though interest payments will rise from some £3.5m probably £6.5m—it has managed to de-lever slightly to around 100 per cent of shareholders' funds.

Stocks which in the balance sheet appear £44m have almost certainly fallen. If the

recession tapers off soon and is followed by a recovery a highly-gear company like Aurora could yet stage a sharp recovery.

The shares are on a prospective yield of 8.2 per cent assuming no final and a p/e ratio of around 5 if the group makes, say, £2.75m profit—but that is an optimistic assumption.

### House of Fraser

#### Lonrho applies pressure

Nor surprisingly, the offer document from Lonrho detailing its 150p a share cash bid for House of Fraser is a slim volume. Mr Rowland's camp, presumably feeling that only a Monopolies Commission reference or the emergence of a counter-bidder could bar its path, does not feel it necessary to waste words on exhortations to Fraser shareholders at this stage.

Interestingly, a proforma statement of combined assets, deducting the £161m total cost of the bid from group resources—but of course ahead of Fraser's much vaunted asset revaluation—shows a combined group with net assets of 174p and gearing, excluding Lonrho's confirming activities, of around 75 per cent.

After the revaluation, however, combined net assets could presumably rise from £453m to something over £600m and reduce gearing to nearer 50 per cent, producing what looks like a very good deal for Lonrho in balance sheet terms, notwithstanding the traditional argument about returns on retail assets.

The revaluation, of course, will be a major plank of Fraser's defence, but one which Lonrho may not have too much difficulty in knocking down. Its own shares stand at 99p, representing a 43 per cent discount on net assets; Woolworth's share price is but a third of assets on a historical valuation and Debenhams's under a half.

Meanwhile, with full-year figures approaching which could put an exit p/e ratio on Lonrho's offer of something like 18, Professor Roland Smith's team at Fraser may have their work cut out even to push Lonrho up to 175p a share mark, which market observers see as the optimum figure.

● A casual observer may be forgiven if he found himself bemused by yesterday's events. Here was the Department of Trade reporting by far the biggest monthly trade surplus ever recorded—a massive £957m on current account—yet there was sterling finishing the day almost 3 cents lower against the dollar at \$2.2570.

As far as sterling's performance is concerned, the explanation is very simple. International investors are continuing to scramble aboard the dollar bandwagon as fast as they can. President Reagan is the man of the moment; the dollar the currency of the moment. How long all this will last is another matter. Certainly, the free fall possibilities given any reversal in sentiment are frightening.

On the face of it, there is no reason why the present honeymoon period with the dollar under new management should not last for some time. Tomorrow the President will unveil a major programme of public spending cuts. The Federal Reserve has already pinned its colours to the mast of sound money.

So what are the problems? First, there is the question of the overall fiscal strategy. Taking in proposed tax cuts, will the overall package add up? Secondly, there is the question of the Fed's response to what the President proposes. The nagging doubt on this score must be that a promising looking fiscal package might be used to justify the acceleration in dollar interest rate cuts that some European governments are now extremely keen to see.

What, then, of the UK's January trade surplus? Even allowing for a number of favourable factors, such as a particularly favourable position on the oil account, the surplus is enormous and looks to be almost wholly attributable to the continuing impact of domestic de-stocking on imports. While that suggests further improvement in the liquidity position of the corporate sector, it also raises the question as to the nature of the balancing outflow on capital account.

The letters MTFS may not instantly evoke a response from the man in the Clapham omnibus, but they must now be haunting the waking hours of Sir Geoffrey Howe in the run up to his third full Budget. For, as every reader of this newspaper knows, they stand for the financial minister's personal contribution to the form and content of the Budget speech.

The MTFS when it was unveiled after much internal argument and agonizing about the wisdom of giving such a homage to fortune, was not to be confused with an old-style "national plan". It was concerned only with those very few things over which the Government has actual control.

These were asserted to be government borrowing, government spending, government taxing and the supply of money in the economy. Targets for each of these magnitudes were set out for the four years to the end of this Parliament in a pattern consistent with a steady fall in the rate of inflation. It is necessary to spell out the bias of the MTFS in order to see the practical

## A waking nightmare for the Chancellor

and presentational problem that faces the unhappy official in the Treasury even now working on a stiff early draft of what the Chancellor will eventually soon have to deliver.

For at the heart of the strategy "is a target for a steadily declining growth of the money supply, that is set alongside policies for Government spending and taxation which will underpin that objective" (Chancellor, March 26, 1980). The rationale of this policy was that "inflation cannot persist in the long run unless it is accommodated by an excessive expansion of money and credit".

When, eight months later, the Chancellor was once again standing to make a mini-budget statement to the House he had in effect to admit that as of that moment all previous statements about monetary targets had become inoperative. But, he said, "I shall announce a new target in the Budget". In the time that has passed since that promise last November attitudes to monetary targets have undergone something of a change. The measure in the volume of government spending "sterling M3" has been losing friends.

The betting is that the target announced on March 10 will be expressed in terms of more than one measure and will, in general, have a more flexible and discretionary quality than the March 1980 version.

The MTFS waking nightmare, however, is not really to do with the money supply targets which have caused so much embarrassment. Certainly there are technical and presentational problems in this area. It seems to be proving, for example, much more difficult than the Chancellor supposed in November to produce a sensible definition of money that separates out retail deposits in the banking system. The central problem for the Chancellor has much more to do with what he called the underpinnings, government spending and taxation.

For in order to achieve the orderly reduction of monetary growth and inflationary expectations over a four-year period, without creating extra and intolerable upward pressures on interest rates, the strategy assumed a steady fall in the volume of government spending over the four years, combined with a

steady growth of tax and other revenues over the same period. This was to have given the Government a borrowing requirement falling both in absolute terms and plummeting as a percentage of the gross domestic product from 31 per cent in the current financial year to 13 per cent in 1983-84.

Alas, as we already know, this year's borrowing will not be £5,500m, but nearer £13,000m to £14,000m. More serious from the point of view of the MTFS, two years of continual public expenditure cutting exercise has resulted in a situation where spending levels this year will be some 12 per cent higher than they were forecast to be at the outset.

The chances of the volume of public spending actually being reduced year by year over the rest of this Parliament are effectively zero. For it is clear that Mrs Thatcher's government has exhausted its physical, emotional and political capacity to go through another major cutting exercise. And in that case, inherent upward pressures for more spending will reassert themselves in the next three years.

## Trouble on the road to Alexandria

Calvin

Going into a joint venture with a government-backed company elsewhere, will be reabsorbed elsewhere.

In Chloride's view, the company will benefit the local economy. The batteries produced by the new plant will be of an international exportable quality, and will be sold at a present poor quality product.

Local newspapers have been aggressive. The government newspaper *El-Masara* carried a long two-part article on the affair, under the banner headline "100 per cent successful Egyptian company being sold to unsuccessful English company".

Chloride was being given benefits "no less than those received by de Lesseps when he built the Suez Canal", the article suggested. This was an apparent reference to the 6 per cent royalty on net profits which will go to a licence fee to the Chloride group. Accented, the charge of "foreign exploitation", a cartoon showed a fang-toothed capitalist, wearing a hat labelled "foreign companies" swallowing a 50 per cent rise in its own rates bill.

Such criticism has not been lost on the Egyptian Government. In June last year, Dr Abdul Rezzas Abdul Meguid, the deputy prime minister for the economy, stated that no more deals of the Chloride type would be taken place. He denied charges by union leaders that the public sector was being "sold off".

For Chloride, the affair has been a frustrating waste of time and effort. "We have just spent three years of negotiations to get ourselves established, and now we find ourselves involved in civil litigation at our own expense," says Mr Cameron, "even though no illegality had taken place, we had to go to a lot of trouble to prepare a proper defence case."

Now the path for Chloride Egypt has been smoothed in other directions. Allocated a place on an "industrial estate" on the desert road to Alexandria, the company has found itself entirely responsible for providing infrastructure.

"We have had to build our own road to our site," says Mr Cameron. "We are having to pay for the electricity to be supplied from the distribution station, and we are having to build the distribution station for the electricity authorities."

"We are now having to lay our own four-kilometre pipelines for water, and we are having to put in our own sewage disposal units. There are no plans for telephone cables, no telephones and no plans for telephone lines."

Kate Finch

## Raising the roof over rates

Patricia Tisdall

The CBI calculates that rates payments have grown from 9.7 per cent of gross profits in 1973 to 11.3 per cent by 1977. For this financial year it is estimated by Professor Foster of the London School of Economics that this proportion is in the region of 35 per cent.

Businessmen feel that rates are an unfair local tax because they have no democratic control over what they pay or how the money is spent. While some local government services such as roads, planning, education and housing are vital to business, others like parks and personal social services are less important. Unless they live in the same area as they work, business ratepayers have no vote in local elections and so do not have the normal channels through which to express their views.

The problem is that the CBI at least does not think that any of the various alternatives suggested so far (including the replacement of domestic rates by a local income tax as proposed by Mr Gerald Kaufman, the Opposition spokesman on the environment, at the week-end) would be any improvement.

Not that Mr Rigby or the confederation have been idle. There has been much activity on two fronts during the past year. At the local level individual employers are being urged to apply self help by involving themselves in the affairs of their local councils—encouraging employees to stand as councillors, scrutinising local authority accounts and expenditure plans; relating the cost of rates to jobs, prices or other specific yardsticks and generally joining in a constructive dialogue with their town halls.

At national level, there is more or less continuous going and fringing between the CBI and Mr Michael Heseltine, the Secretary of State for the Environment and his departmental officials.

Some small encouragement is drawn by three specific measures designed to help business ratepayers which were introduced in the 1980 Local

Government, Planning and Land Act. These gave business ratepayers the right to pay by instalments, reduced the maximum which could be levied on empty premises, and suspended the mandatory surcharge on unused commercial property which was introduced by the 1974 Local Government Act.

More important, Mr Rigby thinks, is the obligation now placed on local authorities to start producing information in a form which will enable comparisons to be made more easily between the performance of different local authorities. The next step will be the production of definitions of the standard of services provided, so that "people can choose whether to have a Rolls-Royce standard in some services and pay accordingly".

This comparative information should start to be published this year as part of the rate demand note. The new annual reports which local authorities will be required to publish should start appearing next year. But everyone concerned, particularly the Department of Environment officials (who are said to be "appalled" at the prospect of having to draw up the definition) agree that there are problems in defining standards of service.

"I really would not expect dramatic results in only a year," Mr Rigby says with resignation. Nevertheless, he considers that some definitions must have already been worked out by Department of Environment officials in order for the new system of block grants to have been introduced. Improved quantification and evaluation of services is also taking place as more councils consider using outside contractors and start weighing up tenders on a value for money basis.

As far as the immediate future is concerned the CBI, as well as the chambers of commerce and other business representatives, are pressing for an upper limit on business rate increases to protect their members from excessive local authority spending and "for 'mothballing relief', which would exclude business property which is temporarily out of commission from liability for rates, as a modest stop gap.

## Business Diary: Mars bringer of lore • Moneysyllabic

Managers, beware—another "idologist" is moving in to tell you your business. He is Gerald Mars, an anthropologist at the Middlesex Poly, who has written what could be a seminal article for Rain, the wretched of the Royal Anthropological Institute.

Mars's article, entitled "The anthropology of Managers", says there is not any such thing as a manager, although there could be because managers are so thick that they need to be put right, and secondly, cause this "virgin field" for the greatest opportunity for the employment of anthropologists.

The main drawback, however, is not the intransigence of managers, but that anthropologists themselves are too dim to see "ethnocentricity" as the main chance.

Mars illustrates his article with examples of management's "ethnocentricity". He cites (unperceived by all save anthropologists) the failure of a piece-work scheme and the sex life factory girls in the north of England and of a warehouse women promotion scheme in Tooting, London, which ended because it upset the men's system for distributing men goods.

By some stroke of management, good or otherwise, the Royal Anthropological Institute now offering up "back numbers" of Rain.



"With stocks as they are how many years would a coal strike have to last?"

● The Prime Minister's repeated assertions that her Government will not have recourse to the printing press to finance higher public spending—likely to be reiterated when the money supply figures come out on Thursday—must be a continual source of puzzlement to the 2,000 workers at the Bank of England's printing works at Loughborough, Essex.

There, every day, they print about eight million crisp banknotes—worth about £30m—to be checked, bundled and wrapped (appropriately) in an adapted bread-wrapping machine, and sent out for eventual distribution by the commercial banks.

Not surprisingly £1 notes have a busy but brief existence—less than a year on average—before becoming too dirty and dog-eared to use, though larger denomination notes last rather longer. This means that the Bank of England scraps nearly

as many notes as it prints. With about 34 notes for each head of the population circulating at any one time, the Bank has to scrap and print 30 of these every year just to keep the circulation constant.

What then does Mrs Thatcher mean by "printing money"? She is in fact talking about government borrowing from the banks. If the Government cannot borrow enough from the non-bank public, by way of gilt-edged stock or national savings, for example, it can continue to write out cheques to pay for its spending in the normal way. These cheques get deposited with the recipients' banks, who turn to the Bank of England for payment.

Instead of bouncing the cheques, the Bank pays them with government IOUs such as Treasury bills and government stocks. "Printing money" thus means selling more government debt to the banks, not also issuing more cheques and fivers.

● Sir Kenneth Corfield, chairman and chief executive of ITC's Standard Telephones and Cables, now heads the short list for the chairmanship of the Government's projected Engineering Council, seen as the new watchdog body for engineering following the publication of the Finlinton report on our manufacturing ills.

He has displaced from pole position names like Lord Caldecote of Delta Metal and Sir Robert Clayton of the General Electric Company.

Sir Kenneth is one engineer who successfully crossed the divide into management and has a reputation as a hard-nosed realist.

Engineering institutions, as ever, are still agonising over how far to support the new council and the question is how far Sir Keith Joseph, the Industry Secretary, will go in allowing the council's charter to be watered down.

Sir Kenneth, who is a fellow of engineering, is unlikely to want to take over an organisation which, as somebody remarked recently, could so easily turn into a seized-up lawyer rather than a massive "engine for change". But if he takes the job it should indicate that he has Sir Keith's backing in turning the new council into a power in the land.



● The Institute of Trade Mark Agents, the people who stop you pinching other people's names—or their pinching yours—celebrates its 40th anniversary in 1984.

By then, however, it may hope to have put its bid to control very almost as long-running as the wartime radio comedy programme of the same name.

This is the question of whether the institute, which has 800 members, should or should not merge with the older-established Chartered Institute of Patent Agents.

It has been dithering on for 10 years, and Keith Havelock, IIPA president and leader of the merger faction, tells me it is going to be a close thing.

He says the merger would enhance the standing of trade mark agents. A younger element says the same could be achieved by an autonomous, but more lively IIPA council. There is to be a vote on the issue in London today, followed by the issue of voting papers and a decision in April perhaps.

Ross Davies

## INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1980

Total assets rose from £75m. to £103m. Net assets per share reached a new high of 145p — an increase of 47%.

The investments are widely spread in the U.K., U.S.A., Japan and elsewhere and have outperformed the local market indices.

Earnings rose by 19% and the total regular Dividend to Shareholders will show a 22% increase (if non-recurring items in 1979 are excluded).

Our policy is to invest internationally for capital growth. Our income is expected to rise in line with the growth in value of our investments. It is the declared aim of the Company to increase the real value of our Shareholders' capital and income.

Copies of the Report may be obtained from the Secretary.

INVESTORS CAPITAL TRUST LIMITED  
9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY  
Telephone 031-225 4533

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## Stock markets

## Index suffers sharpest fall in two months as fears of miners strike hits confidence

Fears of a confrontation between the miners and the Government combined with the latest gloomy report on the economy sent share prices into sharp reverse yesterday.

As the three-week account entered its second stage, jobbers encountered heavy profit taking as investors offloaded stock after recent gains.

Not even the trade figures, announced at 3.30 pm and at the better end of expectations with a net surplus of £957m during January, offered any consolation to equities. Dealers could only look on and watch as prices drifted steadily lower. Talk centred on the miners' strike today and memories of the Heath Government's downfall.

Confidence was also badly affected by a report from the Charterhouse Group that the end of stockpiling by companies presented a "false dawn" and that the present slump would be worse than that of 1979-80.

Sentiment was also upset after hours by the smaller institutions which were in trouble and about to go under.

As a result the FT Index, which had drifted all day, closed 8.7 lower at 484.5, its biggest fall since December 11.

However, there were several bright spots particularly in insurance brokers where the latest fall in the value of sterling, after recommendations by Prof Alan Walters, the Prime Minister's economic adviser, pushed prices higher. Government securities re-

covered in the wake of the trade figures but turnover was described as low and conditions thin. Rises in Jongs ranged up to £1, while in shorts improvements of around £1 were recorded.

Leading industrials saw ICI tumble 8p to 292p as jobbers bought stock. Glaxo lost 6p to 264p, Unilever 5p to 453p, Hawker Siddeley 6p to 256p, Lucas Industries 3p to 153p, GKN 4p to 148p and Metal Box 6p to 186p. BOC International reporting later this week eased 2p to 118p.

Adverse comment ahead of Lloyds Bank's figures on Friday saw another shakeout in banks, where speculation persists about a windfall tax in the Budget on March 10.

Lloyds itself, where the market is taking a pessimistic view, dropped 11p to 325p. Barclays fell 11p to 395p, while Midland 13p to 325p and National Westminster 11p to 365p.

The falling pound has CE Heath 10p higher at 208p. Willis Faber put on 8p to 286p and Sedgwick Group added 3p to 121p. Minet Holdings held steady at 94p. But among the composites Commercial Union fell 1p to 149p, General Accident 4p to 292p, Royal

Insurance 4p to 356p and Sun Alliance 2p to 752p. Properties saw profit taking after recent improvements with MIFC 5p cheaper at 236p, Land Securities down 10p at 396p and Hammerson "A" 20p lower at 635p. But M&P rose 6p to 118p after announcing a City of London property deal worth £2.4m and Countrywide Properties hardened 2p to 79p on the formation of a new property investment company.

Shares of Thomson T-Line were suspended at 67p after a bid approach and the sale of J. F. Nash of its 11 per cent stake to an unknown buyer. Meanwhile, shares of Crest International returned to the market in their new form at 10p and quickly rose to 14p.

On the big front, London Securities rose 3p to 358p, further consideration of its approach to Harrison & Crossfield, 13p stronger at 788p. In foods comment on the possible outcome of the bid by

S & W Berksford, down 1p at 180p, and now resting with the Monopolies and Mergers Commission, saw British Sugar unchanged at 263p while United Biscuits was 2p lighter at 86p. Associated Fisheries reporting Thursday, slipped 2p to 53p.

Favourable weekend comment was good for a 15p rise in Godfrey Davis at 170p while adding 4p to Benlys at 81p and 4p to Geers Gross at 64p. But adverse mention left Carrington Viyella 11p easier at 111p in textiles. Speculative buying ahead of figures due out in April added 21p to Queen's Moat Hotel at 41p with J. Jarvis another firm up, 14p better at 166p. Profit taking left Matthew Hall 21p lower at 345p and in engineering Davy Corporation retreated another 6p to 142p still fighting off the advances of Enserch from the United States.

In shipping, Reardon Smith "A" ended a good run, slipping 6p to 149p along with Walter Runciman, 5p off at 138p. Recent losses continue to upset Manchester Ship Canal, 9p down at 151p.

The tight conditions of late in stores showed some easing with GUS "A" 1p lower at 485p, BBS 2p off at 154p and Boots down 7p at 246p. House of Fraser closed 1p down at 144p after the release of the official figures from Lorbis, unchanged at 99p.

Rediffusion climbed 6p to 124p in electricals after the sale of its Hongkong interests with Sound Diffusion harden-

ing 3p to 79p on the back of press comment. Elsewhere in electricals, Hoover eased 2p to 128p, ahead of figures this week, while GEC lost 15p to 631p, Racal 1p to 339p and Plessey 2p to 301p.

Drake & Scull managed a 1p rise to 34p despite a profits setback which had been widely expected.

Oils spent a lacklustre session with prices marked sharply lower despite the general lack of selling pressure. Among the majors BP fell below the 24 mark with 10p fall to 398p while Ultramar shed a similar amount at 473p and Shell lost 8p to 410p. Burmah was another weak market, losing 5p to 179p, as was Lasso, down 25p to 644p. Berkeley Exploration slipped 3p to 243p.

RTZ was the main feature in an otherwise dull mining sector, rising 10p to 398p amid press comment. Cons Gold Fields improved 3p to 426p in sympathy. Among gold shares, W. Rand Cons advanced 5p to 171p, Bracken Mines 7p to 155p and Middle Wits 20p to 660p, but Elsberg Gold fell 8p to 164p and Sentrust 10p to 310p.

Equity turnover on February 13 was £119,607m (15,228 bargains). Active stocks yesterday, according to the Exchange Telegraph, were GEC, Shell, ICL, BP, Godfrey Davis, Fisons, GKN, Plessey, Land Securities, Becham, Geers Gross, Marks & Spencer, Metal Box, Racal, Cons Gold and Distillers.

Traded options: The setback in equities resulted in a quiet session, although Marks & Spencer attracted 355 contracts out of a total of 708.

Traditional options were also in a subdued mood although calls were made in ENFC at 21p and Newman Industries at 31p.

## Drake &amp; Scull dips but payout is held

By Peter Wainwright

Drake & Scull Holdings, the mechanical, electrical and general engineer, lifted turnover from £73.06m to £94.7m, but lowered pretax profits from £2.63m to £2.17m in the year to October 31. But dealers were relieved that the fall was no worse and the directors, led by Sir Monty Finiston, maintained the gross dividend at 3.93p a share, with a 2.15p final.

The shares duly hardened 1p to 34p. At one time last year they were 47p.

The fall reflected a loss from one of the associated companies and competition pressing on profit margins. But in 1979, the group had to set aside



Sir Monty Finiston, chairman of Drake &amp; Scull

the group had to set aside £301,000 in deferred tax, the main component of a total tax charge of £1.15m.

This year the group has set aside no such provision, thanks to proposed changes in tax law on stock appreciation relief. That took the total charge down to £690,000, which meant that net profits ended only £2,000 down at £1.48m.

The group has also taken credit for the sale for £551,000 of the Greyfriars Centre, Ipswich. The result was that attributable profits actually rose from £1.73m to £2.72m. Earnings a share (before extraordinary items) slipped only slightly from 6.7p to 6.2p.

At half-time, shareholders were told that unavoidable delays in several big overseas contracts were to blame for a drop of nearly 40 per cent in pretax profits.

The group has, then, made good its indication of turnover for the year bearing £80m and recovered in terms of profits to the point where annual profits were only 17 per cent down.

There is still, however, no word of the group's acquisition programme. In the last accounts, the late chairman spoke of an active appraisal of several companies. But no outstanding prospects on acceptable terms were found.

But he added that 1980 would prove to be a year of opportunity for companies with well proven management and healthy cash resources. With the latest figures, it is reported that shareholders' funds rose by £1.86m to £4.86m.

## Rediffusion sells Hongkong TV stake for £9.7m

By Peter Wilson-Smith

Rediffusion, the 53 per cent owned British Electric Traction subsidiary with interests in television rental, computers and broadcasting, is finally curbing its losses in Hongkong. In a £9.7m cash deal, Rediffusion is selling a controlling interest in its 81 per cent owned television station, Rediffusion Television Ltd. of Hongkong (RTV) to a consortium of Australian companies.

The station has been a perennial loss-maker ever since Rediffusion was granted a broadcast licence in Hongkong seven years ago and with ungroupable annual losses in the region of £2m a year, has been a constant drain on the group whose latest results for the half-year to September 30 showed pretax profits of £6.97m on sales of £108m.

Mr David Smith, company secretary, said that RTV "hasn't made a profit yet," but was not prepared to disclose the accumulated loss over the years. "We haven't ever published them," he said. However, on the basis of £2m annual losses, RTV is thought to have cost Rediffusion well over £10m since its inception, because of its failure to lift ratings and draw enough advertising revenue.

Rediffusion retains 19.9 per cent in RTV but with no obligation to provide further capital. There is no further write-down on the sale.

Of the HK\$120m (£9.7m) consideration, HK\$80m is for the property and the rest for other assets, plus a small element of goodwill. The deal is subject to approval of the Hongkong government.

Relieved that Rediffusion has finally extricated itself from Hongkong losses, the stock market pushed the shares up 6p to 124p, adding nearly £5m to the group's market value.

The Australian consortium which ends up with 61.2 per cent of RTV, leaving existing Hongkong shareholders with 18.9 per cent, comprises Davi Syme and Co and Henry Jones (IXL) involved in newspaper and broadcasting respectively. The third member is RTZ subsidiary, CRA with a wide range of mining interests.

A joint statement read: "The consortium is confident that by combining its management and media expertise with existing skills at the station, RTV will build its ratings and achieve good profits."

Rediffusion, which has a 1 per cent interest in Thame Television and 17 per cent in Capital Radio, is expected to be shortly awarded seven licences in a new pilot scheme for cable television.

Rediffusion's business in general has slumped, and Thoms along with it—net losses were £61,000 in the first half of last year and it is still bad. It is, however, a cyclical business and companies tend to recover quickly. In the next upturn, there will also be fewer car makers—more than 16 out of business last year including names like Pelemb, Fisher Holmes, and Eli Thomson has 300 employees. Around 30 were made redundant last year. But Kleinwort holding out for a price as asset value and the Merri Morton approach was only a

Business appointments

## New directors of Barclays International

Mr Michael Rowthorn, Mr Michael Wood, Mr Noel Beadle and Mr David Mead have been appointed international finance directors of Barclays Bank International. Mr W. M. Russell has been appointed chairman and Sir Harold Smith deputy chairman of the London board of the Bank of New Zealand.

Mr Ronald M. Creswell has been appointed to the board of the Wellcome Foundation as group technical director.

Mr John Eccles has been appointed deputy chairman of the Monopolies and Mergers Commission. He has been a part-time member since 1976.

The Export Credits Guarantee Department has made Mr R. T. Kemp head of one of the department's two project underwriting groups. Mr D. H. Twyford has become head of the departmental services group.

Mr David Whitaker has been appointed group legal director of the Royal Electric Group.

Mr David S. Armitage has been appointed managing director and chief executive of Edmunds Walker & Co.

Mr Randal T. Huston and Mr Andrew C. H. Smith have been appointed to the board of Swart New Northern.

Five new appointments to the board of Asia Stores are: Mr Michael Allison, director produce; Mr John Goss, director finance; Mr David Craney, director devel-

opment and maintenance; Mr Barry Mosley, director of operations, north; and Mr M. S. Bingham, director store operations south.

Mr W. M. J. Grylls MP has been appointed to the board of Vesp.

Mr Richard Gray has been appointed managing director of Page & Nocton, a member of the British Printing Group. Two new appointments announced by A. L. S. Colour International are: Mr Aaron and Mr Peter S. S. Mr Colin Pugh has been appointed a director of Messrs Securities.

Mr Charles Denton has been director of programmes for 4 Network.

## Gold price fall hits mine profits

By Michael Press

Despite Vaal Reefs' strong finish to its financial year, the December quarter results from the Anglo American group mines show the gathering impact of the falling gold price.

Among the Transvaal mines, Vaal Reefs earned £123m after tax and the state's share of profit compared with £90m in the September quarter. Profits for the year were £377m (£209m) against £183m in 1979.

In common with most other mines, however, Vaal Reefs' average gold price received fell in the final three months. After making £656 an ounce in the September quarter, the last quarter fell by 56p. The year's average was \$632, more than twice the 1979 figure.

The two other major mines to complete their year were Eldorado and Western Deep Levels. Accidents cut Eldorado's profits from £112m in the September quarter to £2.56m. But profits for the year—only the mine's second full year of production—were £37.1m compared with £6.34m.

## Bank Base Rates

ABN Bank	14%
Barclays	14%
BCCI	14%
Consolidated Crds	14%
C. Hoare & Co	14%
Lloyds Bank	14%
Midland Bank	14%
Nat Westminster	14%
Rossminster	14%
TSB	14%
Williams & Glyn's	14%

\* 7 day deposit on sums of £10,000 and under, 11% a year, £20,000 12% a year.

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## The Over-the-Counter Market

1980, 31	High	Low	Company	Price	Ch'ge	Div/100	Yld %	P/E
75	39	38	Airsprung Group	63	-	6.7	10.6	5.7
44	21	20	Armstrong & Rhodes	43	-	1.4	3.3	17.7
192	92	91	Bardon Hill	190	-	9.7	5.1	7.1
98	88	87	Deborah Services	95	-	5.5	5.8	4.7
126	88	87	Frank Horsell	106	-	6.4	6.0	3.3
110	51	50	Frederick Parker	51	-	11.0	21.6	2.3
110	74	73	George Blair	74	-	3.1	4.2	-
110	59	58	Jackson Group	106	-	6.9	6.5	4.0
124	103	102	James Burrough	120	-	7.9	6.6	9.8
334	244	243	Robert Jenkins	330	-	31.3	9.5	-
53	50	49	Scutrons "A"	53	-	5.3	10.0	3.8
224	215	214	Torday Limited	216	-	15.1	7.0	3.7
23	10	9	Twinkl Ord	114	-	-	-	-
90	69	68	Twinkl 15% ULS	72	-	15.0	20.8	-
56	35	34	Unilock Holdings	39	-	3.0	7.7	6.0
103	81	80	Walter Alexander	103	+2	5.7	5.5	5.7
263	181	180	W. S. Yeates	262	-1	12.1	4.6	4.3

## Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
1980, 31	£m	£m	per share	pence	total	total
Drake & Scull (P)	94,773.06	2,172.63	(-)	1.51(1.5)	8/4	2.7(2.7)
West & Ctry Pys (P)	1,339(0.77)	0,171(0.15)	4.3(2.9)	1.25(1.1)	30/4	(-3.0)

Dividends in this table are shown net of tax at 25p per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.425. Profits are shown pretax and earnings are net.

## Briefly

J. Hepworth & Son: British Land has sold 100,000 shares, reducing its total holding to 2.25m or 5.3 per cent of the total equity.

International Petroleum: Trading in the company's shares is to start on the resource section of the Vancouver Stock Exchange. Main focus is on oil and gas reserves off-shore in the Gulf of Mexico, one of the United Arab Emirates.

Homebay and Co: Chairman, Mr D. E. Gillam, says in his annual statement that he can now see signs of a recovery. Expected that first half of current year will show a reducing loss, but the full benefit of the recovery, reduction in overheads and the introduction of new ranges should flow through to enable Homebay to regain the volume of sales which has been lost while this modernisation and streamlining has been taking place.

United Overseas Bank: The largest local banking group in Singapore with total assets exceeding £67,000m and 83 branches and agencies worldwide including a full-branch office in London, has established a facility for the issue of £100m of 9 1/2 per cent subordinated debt, secured by a Singapore domiciled bank, will greatly facilitate American investment in UOB shares.

Westminster and Country Properties: Turnover for half-year to October 31, 1980, was £1,000,000 (£700,000). Pretax profits £176,000 (£156,000). Interim dividend, gross, raised from 1.42p to 1.78p. No tax charge expected for full year.

Portals Holdings: Recent rights issue of £9.02m of 9 1/2 per cent convertible, unsecured loan stock, 1994-2000, accepted for 95 per cent. Net proceeds £8.57m, net after tax, for nine months to December 31, 1980, £40,000 (£37,000).

Sumrie Clothing: Mr Harvey M. Ross has increased his holding to a total of 225,000 shares (5 per cent).

Cawood Industrial Holdings: Ferguson Industrial Holdings have acquired a further 25,000 ordinary shares and now own a total of 555,000 ordinary shares (30.52 per cent).

Crystallite (Holdings): Recent rights issue of £2.09m, 9 1/2 per cent convertible unsecured loan stock, 1999/2000 accepted as to 85.85 per cent.

Futura Holdings: Board expects pre-tax profits for 1980 to be in the region of £148,000 to 1979's of £140,000, with a further £161,000, for extraordinary items.

Guinness Peat Group has bought 80 per cent of H. F. Stalger, for £400,000 (about £175,000). New York-based Stalger is in the importation and distribution of natural and synthetic rubber to the North American market.

Hampton Trust: Recent rights issue accepted for 94.78 per cent. The (Holdings) (Holdings) Specialty Brands, a subsidiary of United Biscuits, is to acquire Aunt Millie's Sauces, a privately held United States company. Terms of the purchase were not disclosed.

## UK TRADE

The following are the January trade figures seasonally adjusted and corrected on a balance of payments basis, for known recording errors.

Year	Exports	Imports	Balance
1979	125.6	125.6	0.0
1980	125.6	125.6	0.0
1981	125.6	125.6	0.0

## RETAIL SALES

The following are the figures for the volume of retail sales released by the Department of Trade.

Year	Sales by volume (seasonally adjusted)	Sales by value (not adjusted)
1979	111.1	111.1
1980	111.1	111.1
1981	111.1	111.1

United Car and Diesel Distributors, Daimler-Benz's 27 per cent owned South African affiliate, has signed an agreement with Honda to produce Honda cars in South Africa.

## Manchester ship plan for docklands

After last year's losses, Mr D. M. Redford, chairman of Manchester Ship Canal, tells shareholders in his annual statement that he cannot hold out any prospects of a return to profits for the current year.

However, the directors plan to do everything possible to revitalise the company's docklands and to open them up for new enterprises involving new job opportunities.

Mr Redford said their clear aim must be to restore the company's fortunes by redeveloping its assets, though progress will be tempered and controlled by the national economy, the recovery of its employment outlook and the vicissitudes of world trade.

The shares and first mortgage debenture stock have been placed with the six institutions in units of 225 shares and £750 nominal of debenture stock, at a unit price of £12.00 and shares placed, add, up to roughly 49.6 per cent of the enlarged equity.

Trevian was bought in 1963 by Mr David Dutton, who has bought, managed and developed property primarily for Associated Restaurants and a subsidiary of Associated Newspapers, Crowle Properties. Now Mr Ronald Shields, managing director of Associated Newspapers, is to join Trevian's board as a non-executive director, as is Mr E. J. P. Conzon, a partner of accountancy firm Stoy Hayward.

Interim profits rise at Deborah Services

Deborah Services, sales for the half year to September 30 were £14m compared with £9.6m. Profit before tax totalled £760,000 against £746,000 and the interim was 1.21p.

The chairman said that with the benefit of long-term contracts and continuing investment in North Sea oil the outlook for the rest of the financial year was satisfactory. He was confident that the company would maintain and improve its profits despite the world recession.

Australian interest for Low & Bonar

The Low and Bonar Group has bought almost 15 per cent of Electrical Equipment of Sydney, a publicly-owned company, in a £2.02m (£1m) deal.

Low's acquisition of 14.25 per cent of Electrical Equipment's capital creates a valuable trade and technological link.

## Caparo Group

Last week Hanson Trust bowed out of the battle for control of the West Midlands holding company Caparo, after a bitter struggle in CMT to rival bidder Caparo's little-known but ubiquitous private investment company of Mr Swraj Paul.

For Hanson, the decision to withdraw must have been a bitter one. The successful conglomerate is something of a veteran of takeovers, but a considerable time and effort as a minority shareholder on seeing CMT eered back towards recovery and has had to swallow a £1m loss on its 13.3 per cent stake in CMT.

For Mr Paul, on the other hand, the deal is eminently satisfactory. With nearly 35 per cent of CMT, Caparo must now have an excellent chance of gaining control. "For us, it's a very big step," Mr Paul says.

His Caparo Group already has an extraordinary assortment of investments in quite unrelated industries. In the quoted sector the Caparo portfolio includes 5 per cent stakes in ceramic and metal products group Al Industrial Products and shipping group Walter Runciman, a near 30 per cent holding in Barrow Hepburn, 18 per cent in Assam Frontier Tea and 14 per cent in toymaker Berwick Timpo.

Property is another important constituent. Investments include a long lease on Ambika House—the headquarters of the British Council in Portland Place—joint ownership of the four star Osborne Hotel in Torquay and a £5m to £6m development scheme on the south coast near Bournemouth.

Mr Paul is clearly a man of means but he is reticent about the finances of Caparo. He points out, with characteristic courtesy, that one of the privileges of a private company is not having to publicise such matters. However, he broadly agrees with reports that Caparo has a net worth



## MARKET REPORTS

## Commodities

[illegible]

## Discount market

Heavy tax payments drained money out of the system yesterday and contributed to conditions that necessitated the provision of large-scale help by the authorities. Rates for fresh secured money held the area of 14-13 1/2 per cent throughout, and were up end of that range. There was a steady rise in the Revenue receipts over Exchequer disbursements—Tobacco Tax was said to figure substantially.

## Foreign exchange report

[illegible]

**Other**

## Marken

Australia	1.9460-1.9610
Bahrain	0.6473-0.8305
Finland	9.3258-9.3658
Greece	117.60-119.60
Hongkong	T2.0485-12.0885
Iran	not available
Kuwait	0.6173-0.6205
Malaysia	5.1350-5.1650
Mexico	52.05-53.55
New Zealand	2.1210-2.1410
Saudi Arabia	7.5125-7.5525
Singapore	4.7230-4.7330
South Africa	1.7515-1.7665

## Sterling: Spot and Forward

Market rates		Market rates	
London	\$2.46-24.60	January 16	1 month
New York	\$2.46-24.60	23, 2009-2020	0.70-0.90 disc
Amsterdam	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Brussels	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Frankfurt	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Dublin	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Lisbon	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Madrid	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Paris	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Tokyo	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Vienna	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc
Zurich	\$4.50-51.00	23, 2009-2020	0.70-0.90 disc

## Indices

Bank of Montreal England Guaranty Index Changes		Rates		
Sterling	103.5	n.a.	* Ireland	1.6545-1
U.S. dollar	102.2	n.a.	& Canada	1.2053-1
Canadian dollar	102.2	n.a.	Netherlands	2.4415-2
Schilling	111.7	n.a.	Belgium	3.5850-1
Belgian franc	106.5	n.a.	Denmark	6.838-3
Danish kroner	86.2	n.a.	West Germany	2.2465-2
Deutsche mark	156.1	n.a.	Portugal	97.50
Swiss franc	136.1	n.a.	Spain	35.52
Guilder	112.7	n.a.	Italy	1000
			Norway	3.5350-3

## Dollar Spot

Rates	
Ireland	1.8545-1
Canada	1.2053-1
Netherlands	2.4415-2
Belgium	38.14-
Denmark	6.8330-6
West Germany	2.2465-2
Portugal	57.95-
Spain	39.82-
Italy	1060-
Norway	3.5350-5

## Money Market

## Rates

Bank of England M.R. 14%  
(Last changed 26/11/90)  
Clearing Banks Base Rate 14%  
Discount Mkt. Loans: 5%  
Overnight: High 14      Low 13 1/2  
Week Fixed: 14-13 1/2

## Gold futures in 100oz sterling lots

**By Michael Prest**  
As the gold price ebbs, it's

The gold price oscillated between \$350 and \$360 a ounce in London, the market for the London Gold Market, which is officially that its new contracts would be traded in 100-ounce lots denominated in sterling. At the same time, the Euro-Optima early recovery in Amsterdam, said that its own market would open on April 2, so making a lead over America's market anxious to launch the London Gold Futures Market, a company formed by the Metal Market & Exchange and the London Gold Market, and the latter is the bullion market of which the five top-bullion dealers are members.

These two markets have not always been eye to eye over the futures market, although a formation committee of member exchanges may still be in the air. They may still have differences but they are less heated. The tentative starting date of April or May suggests that the market will be ready to go.

The terms of the contract are: 100-ounce lots, the same as Comex in New York, delivered among them the controversial clearing mechanism.

Limiting trade to only six months ahead was agreed because the market felt that longer-term contracts were seldom traded.

Dealings on the European Open Market will be priced in dollars, while the minimum contract will be 10 ounces. It will be the world's first gold

in London in sterling either as one-ounce bars or three one-ounce bars of the metal, which has fine. The trading period will be the current month and the next six. Trading will be at the London Metal Exchange.

Membership will be open to producers and refiners of the LME and members of the London Gold Market. Each group of companies will be allowed only one seat. Other details remain to be settled.

Wall Street was closed yesterday for Washington's birthday.

futures options market. although applications have been made by American exchanges to the Commodity Futures Trading Commission for permission to start similar contracts. Traders in the Amsterdam exchange will be able to buy options for a maximum of three, six or nine months.

## Daimler-Benz improves 20 pc profits

**despite difficult**

Group sales of Daimler-Benz, the West German vehicle manufacturer, rose to DM30,700m (£6,140m) in 1980 from DM27,400m the year before, the company said yesterday. Foreign sales rose by 17 per cent to DM16,900m.

The company said the improvement in sales and a

## It conditions fall forecast at Toyota

In an interim report to shareholders, Daimler said it was able to raise sales and production levels last year, despite generally difficult conditions.

The group said that sales to the Middle East and North Africa were considerably better last year. It noted also that it was the only West German car producer to have raised sales in the region.

Toyota Motor Co says it expects after-tax profits of 114,000 million yen (about £235m) for the business year ending June 30, a fall of more than 20 per cent from last year's record 143,000 million yen.

Sales, however, are expected to rise to 1,400,000 units, up from 1,300,000 last year.

## International

growth in interest earnings had helped to improve profits but it gave no details.

In December the company said it expected satisfactory 1980 profits, after net world group profits of DM637.8m in 1979.

domestic market share, which edged up to over 10 per cent from 9 per cent in 1979.

However, sales are 8 per cent down in overall car sales in West Germany last year, it is unlikely the trend will continue in 1981 owing to poor expectations for the economy and the additional burdens on the car sector during the year.

Daifmair says: "In 1980, 333,660 yen from 3,000,000 a year earlier."

Toyota said worldwide sales competition would become even fiercer during the year.

It expects total sales in cars to total 3.3 million vehicles composed of 1.6 m for exports and 1.6 m in domestic sales, compared with 1.79 m and 1.49 m respectively in 1980.

Toyota added that production of 1.8 million units in 1981.

## Pioneer expects upturn

Pioneer Electronic Corporation of Japan says it expects to report increased consolidated net income and sales for the business year to next September 30.

The group refused to give any definite figure because of uncertainties, including foreign exchange rate movements. Last year group net profits were

**ts upturn.** The group earlier reported a 12.1 per cent fall in after-tax profits for the first half to December 31, to 57,200m yen from 65,000m on sales of 1,560bn yen, up from 1,550bn in the first half a year ago.

Profit before tax and special items fell 21.6 per cent to 102,900m yen from 130,400m the previous year, while operating profit was 47.4 per cent lower at 55,700m yen.

Its interim dividend was unchanged at seven yen.

## Gold production rises in S Africa

Johannesburg, Feb. 16.—South African gold production rose to 53,733 kilos, or 1.3m ounces, in January from 52,716 kilos, or 1.69m ounces, in December, but was still below the 56,239 kilos, or 1.81m ounces, produced in January last year, Chamber of Mines' figures show.—  
 Reuter.

## LME metal stocks

Stocks in London Metal exchange official warehouses at the end of last week (all in tonnes, except silver, which is in troy ounces): Copper fell 1,475 to 120,325; Tin rose 195 to 6,460; Lead fell 3,975 to 66,825; Zinc fell 375 to 92,175. Aluminium fell 2,500 to 47,925. Nickel rose 12 to 3,954; Silver rose 20.00 to 26.57m.

## EMS Currency Rates

	ECU central rates	currency against ECU	% change from central rates	% change from adjusted rates	diver- gence limi- plus/minus
Belgian franc	39.7897	1.8514	-0.96	+0.96	1.93
Denish leir	7.1226	7.9231	+0.35	-0.96	1.64
German D-mark	1.45308	2.60425	+0.92	+0.92	1.12
French franc	5.47470	6.17187	+2.22	-1.22	2.36
Dutch guilder	2.74352	2.83614	+0.06	-1.26	2.32
Irish punt	0.695301	0.7025	+0.10	+0.50	0.50
Italian lire	2157.70	2329.17	+0.08	+1.78	+0.08

+ changes are for the ECU therefore positive change denotes currency.

For median's weight in the ERM and for the lira's

## Euro-\$ Deposits

14 calls, 16-17: seven days.  
17-17: one month. 17-18:  
three months. 18-18: six  
months, 18-18.

## Gölc

Gold fixed: am: \$487 (am)  
pm: \$490.25 close: \$490.50.  
Krugerrand (per coin): \$  
(\$222.75-224.75).  
Sovereigns (new): \$124-128  
50.75).

## Authorized Units, Insurance & Offshore Funds

[illegible]











